



Technical Report

Office Performance Management System (PMS): A Draft Guidebook for Revenue Regions and Revenue District Offices, Bureau of Internal Revenue

by the EMERGE PMS Team led by Maria Teresa Tolosa, Team Leader

Prepared for

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Preface

This report is the result of technical assistance provided by the Economic Modernization through Efficient Reforms and Governance Enhancement (EMERGE) Activity, under contract with the CARANA Corporation, Nathan Associates Inc. and The Peoples Group (TRG) to the United States Agency for International Development, Manila, Philippines (USAID/Philippines) (Contract No. AFP-I-00-00-03-00020 Delivery Order 800). The EMERGE Activity is intended to contribute towards the Government of the Republic of the Philippines (GRP) Medium Term Philippine Development Plan (MTPDP) and USAID/Philippines' Strategic Objective 2, "Investment Climate Less Constrained by Corruption and Poor Governance." The purpose of the activity is to provide technical assistance to support economic policy reforms that will cause sustainable economic growth and enhance the competitiveness of the Philippine economy by augmenting the efforts of Philippine pro-reform partners and stakeholders.

This technical report, a Guidebook for the Revenue Regions and Revenue District Offices of the Bureau of Internal Revenue (BIR) Office Performance Management System (PMS), was written by a team led by Maria Teresa Tolosa, Performance Management Specialist & Team Leader. The team included Marie Herminia Cruz-Soriano, Organizational Development Specialist; John Paul Vergara, Systems Integrator/Rewards Specialist; Blanca Deza Pasaporte, Task Manager/Training Specialist; Paolo Agloro, Systems Developer; Sandra Lovenia, Systems Analyst; Edwin Siao, Systems Developer; Venir Cuyco, Legal Adviser; Karla Nicolas, Administrative Assistant. Atty. Jose Mario C. Buñag, Commissioner of Internal Revenue, by letter dated March 7, 2006, requested EMERGE to provide technical assistance to help the BIR implement the Lateral Attrition Act by adapting the PMS already created for the Large Taxpayer Service for its regional and district offices.

The objective was to help BIR management officials improve and sustain the level of BIR performance through better office target setting, performance management and documentation, performance evaluation and rewards allocation. Specifically, The EMERGE team was to assist the BIR in creating several tools to support Office PMS implementation:

- A <u>Strategy Map</u> developed and approved by Management Committee (ManCom) to serve as the guiding framework from which all performance contracts in the Bureau will cascade.
- <u>Initial Performance Contract Templates</u> for Revenue Regions (RR) and Revenue District Offices (RDOs).
- <u>Initial System Design for PMIS-RR/RDO</u>, specifically the target-setting and monitoring modules that will generate the sample performance contracts.
- <u>Enhancement of PMIS-LTS</u>, particularly with the rewards framework following the approval of the implementing rules and regulations of the Lateral Attrition Law.
- <u>Draft RMO for Office PMS</u>, initially defining the policies and guidelines for the implementation of OPMS.

These tools will be refined further in the second wave of the project where a simulation of office performance evaluation will be conducted for all revenue regions and districts. The simulation is expected to generate an assessment of the appropriateness of identified performance measures, targets and rating schemes, and make recommendations for improvement.

The views expressed and opinions contained in this publication are those of the authors and are not necessarily those of USAID, the GRP, EMERGE or the latter's parent organizations.

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Office Performance Management System

A Draft Guidebook for Revenue Regions and Revenue District Offices





Project Overview

This chapter provides an overview of the First Wave of the BIR-Performance Management System Project.

Chapter 1: The BIR-Performance Management System Project (First Wave)

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Description

This chapter provides an overview of the BIR-Performance Management System project. Specifically It explains the background, objectives, approach and outputs of the project's First Wave which ran from April to July 2006.

Acronyms

Bureau of Internal Revenue

CIR Commissioner of Internal Revenue

DCIR Deputy Commissioner of Internal Revenue

EMERGE Economic Modernization through Efficient Reforms and

Governance Enhancement

IRR Implementing Rules and Regulations

MANCOM BIR Management Committee

NO National Office

OPC Office Performance Contract

OPMS Office Performance Management System

PMS Performance Management System

PMIS Performance Management Information System

RMO Revenue Memorandum Order

RDO Revenue District Office or Revenue District Officer

RD Regional Director
RR Revenue Region

Definitions

Measure- is an indicator of office performance. These translate the objective statements in the Strategy Map into more specific and quantifiable terms. The measure may be described in terms of quantity, quality, efficiency or timeliness.

Measure owner - Head of the office that requires the collection and/or consolidation of performance data on a measure that is to be included in the office template

Objective- The objectives are culled from the BIR Strategy Map. It is a 'verb noun' statement describing what an organization must do well in order to effectively implement its strategy and attain its mandate.

Office Template - A standard format and content of the performance contracts that apply to offices with similar functions.

Office Performance Management System - A process for measuring the collective performance of an office. It involves the processes of planning, monitoring, evaluating and rewarding office performance.

Office Performance Contract - Document that contains the objectives, measures, and targets that an office is expected to accomplish for a given performance period.

Strategy Map - A strategy implementation roadmap. It describes the high level strategic objectives that the organization must deliver if it is to successfully execute its strategy. It shows causal relationships of the strategic objectives.

Target describes the expected level of performance required for each measure. It will be the standard to which actual performance or accomplishment will be compared to determine performance ratings.

Background

Commissioner Jose Mario Buñag requested EMERGE at the Strategic Planning Workshop on November 16, 2005 to assist in installing a Performance Management System (PMS) nationwide. He echoed this request in a BIR Management Committee on December 1, 2005. He called that meeting to discuss the request, identify possible strategies, and define areas of partnership between EMERGE and the BIR towards the installation and implementation of PMS. The Commissioner made this request because of the anticipated implementation of the Performance Attrition Act in 2006. The Implementing Rules and Regulations of this Act will be approved by the Congressional Oversight Committee and the BIR is expected in the IRR to develop its PMS.

On January 25, 2005, President Gloria Macapagal-Arroyo signed into law R.A. 9335 or the Performance Attrition Act (PAA) of 2005. This law seeks to improve the performance of the two collection agencies of the Philippine government, namely the Bureau of Internal Revenue (BIR) and the Bureau of Customs (BOC). The law provides for incentives in order to accomplish the goal of improving and sustaining tax collection. On the positive side, the respective officials and employees of both Bureaus are entitled to rewards amounting to fifteen percent of the surplus of actual over targeted tax collection. If they exceed their collection target by more than thirty percent, the corresponding incentives amount to fifteen percent of the first thirty percent plus twenty percent of the remaining excess. Moreover, Section 5 of the Act provides for "district incentives", which is ten percent of the surplus collection of a revenue district of the BIR or a collection district of the BOC even if the Bureau that the district belongs to does not meet its collection target. On the negative side, consistent substandard performance of personnel in these Bureaus will constitute legal grounds for dismissal.

The challenge of the BIR management is to translate the more encouraging rewards system offered by the PAA into a sustained increase of internal tax collection. This objective, in turn, calls for a transparent system of setting,

standardizing, and deploying financial and enabling targets; development of sensible, reliable monitoring tools; an effective and transparent performance evaluation system; and a fair, performance-based rewards framework.

The Performance Management System (PMS) is a management tool that helps managers and supervisors with their office-level performance target setting, monitoring, evaluating, and rewarding. The System was pilot-tested in the BIR-Large Taxpayer Service (LTS) in 2004 with technical assistance from the USAID through The Asia Foundation. In 2005, EMERGE provided the technical assistance for LTS to cascade the target setting, monitoring, evaluating, and rewarding stages of the PMS to the individual level.

The BIR-PMS Project

The EMERGE Team is providing technical assistance in the **BIR Performance Management System Project** which aims to help install an initial Office Performance Management System in the BIR nationwide by 2007.

To achieve the project goal, preparations have to be made in 2006. These preparations include the following components:

- Development of tools and processes for the implementation of Office PMS in key offices (RR, RDO, Operations Group, Legal and Inspection Group, Resource Management Group and Information Systems Group)
- Enhancement of the Performance Management Information System (PMIS)
- Refinement of the rewards framework
- Installation of performance outcome metrics in LTS, RR and RDOs

Office PMS and Individual PMS

As indicated in the above components, the current focus of the project is installing an Office Performance Management System (OPMS). OPMS measures the collective performance of an office. It is related but distinct from the PMS that is used to measure the performance of individuals. The BIR already has an existing PMS at the individual level governed by RMO 29-2004. Both the Individual PMS and Office PMS will be components of the integrated Performance Management System (PMS) which the BIR is required to submit to the Revenue Performance Evaluation Board for consideration and approval as provided by the PAA and its IRR. Rewards and incentives are based on performance both at the individual and office levels.

Initial Office PMS

The aim of the BIR-PMS Project for 2006 is to install an initial OPMS, one that will already enable the BIR to meet a major prerequisite for implementing the rewards system provided by the law. Ideally, there should be an OPMS in all levels of offices in BIR, i.e., services, divisions and sections. However, the installation of a full-scale OPMS will take time. The proposed phases, general timeline and focus of the phases of installation are shown below.

Installation 2004 2005 2006 2007 2008 2008 **Phases** RR. RDO Other offices below RR, OG, LIG, Office PMS LTS RDO and RMG, ISG Group (Group level) All other **Individual PMS** LTS RR/RDO Offices LTS Continuous RR/RDO Improvement LTS All BIR offices All BIR offices Mode OG. LIG. RMG, ISG

Table 1 Installation of the BIR - Performance Management System

It should be noted that while adjustments may be made to the Individual PMS process while the Office PMS is being installed, a full revamp is seen after Office PMS is well-established in the key offices of the BIR.

First Wave

The BIR-PMS Project for 2006 has been divided into two" waves". The First Wave was implemented from April to July 2006 and focused on the Revenue Regions and Revenue District Office. The Second Wave will run from August 2006 to February 2007 and focus on the Group level offices of Operations, Legal and Inspection, Resource Management and Information Systems. This currently concluded segment of the project is in the First Wave.

Objective of the First Wave

The objective of the First Wave was to develop the initial tools and system for OPMS implementation in RDOs and RRs. The EMERGE team assisted the BIR in creating these tools and systems:

- 1. A **Strategy Map** approved by Management Committee (ManCom) and which will serve as the guiding framework from which all performance contracts in the Bureau will cascade.
- Initial Office Templates for RDOs and RRs from which standard Office Performance Contracts will be derived.
- 3. **Draft PMS Guidebook for RDOs and RRs** that will provide explanation and procedures for Office PMS.
- 4. Initial Version of the Performance Management Information System (PMIS)-RDO/RR, specifically the target-setting and evaluation modules. It will generate the Office Templates and Office Performance Contracts for planning and evaluation.

- 5. **Enhanced PMIS-LTS**, particularly incorporating the proposed rewards framework.
- 6. **Draft RMO for OPMS**, initially defining the policies and guidelines for the implementation of OPMS.

Project Approach

Below is a description of the EMERGE Team's approach to the project.

Consultative process. To ensure buy-in and ownership of the tools among stakeholders, a consultative approach was adopted. This was concretized in the formation of two working groups that developed and designed the processes and tools for OPMS, with the guidance of the EMERGE Team. One group was the OG Core Group consisting of high level officials and stakeholders in the OPMS for RRs and RDOs. The members were:

1.	Lilian Hefti	DCIR, Operations Group
2.	Virginia Trinidad	DCIR, Resource Management Group
3.	Erlinda Simple	ACIR, Assessment Service
4.	Corazon Pangcog	ACIR, Collection Service
5.	Lucita Rodriguez	Tax Reform Administrator
6.	Marietta Lorenzo	ACIR, Policy and Planning Service
7.	Nestor Valeroso	Regional Director, RR7, Manila
8.	Alfredo Misajon	Regional Director, RR6, Quezon City
9.	Nelson Aspe	Regional Director, RR8, Makati City

They were the decision-makers who provided direction, input and feedback to the outputs of EMERGE and the Technical Working Group (TWG). The TWG was a cross-functional team that included key officers in OG, as well as representatives from the Planning and Policy Service, Human Resource Development Service and the Information Systems Group. The members were:

1.	Nieva Guerrero	Assistant Director, RR8, Makati City
2.	Danny Duncano	Chief of Staff, Operations Group
3.	Carolina Pesayco	HREA, Human Resource Development Service (HRDS)
4.	Narcisa Nubla	Assistant Chief, Personnel Division
5.	Archie Latorena	Personnel Division
6.	Miriam Aguila	Chief, Assessment Division, RR8, Makati City
7.	Salina Marinduque	Chief, Taxpayer Service Programs Monitoring
8.	Teresita Angeles	HREA, Collection Service
9.	Ma. Rosario Charo Curiba	ACIR, Information Systems Development Service
10.	Flor Mercado	Chief of Staff, Large Taxpayers Service
11.	Nema Larines	Chief, Planning Division
12.	Christie Villanueva	Planning Division

They provided functional expertise and data which helped in identifying and defining the performance measures, targets and rating schemes. They included "measure owners" or those responsible for collecting data through the regular reports submitted by RRs and RDOs. They will eventually play a key role in monitoring performance, consolidating data and analyzing performance results in the OPMS process.

The ManCom served as the Overall Steering Group which reviewed and approved the joint outputs of the two groups.

In the latter stage of the project, a group of selected RDOs together with measures owners were also consulted to validate and provide further input to the draft office templates. They were:

1. Clavelina Nacar RDO South Quezon City

2. Petronilo Fernando RDO Sta. Cruz

3. Manuel Mapoy RDO Las Piñas/Muntinlupa

4. Gerry Dumayas RDO West Makati

Ramer Narvaez RDO Tondo
 Jonas Amora RDO Marikina

Cesar Carreon ARDO South Quezon City
 Corazon Pangcog ACIR, Collection Service

9. Aida Simborio ACIR, Taxpayer Assistance Service

10. Iluminada Lucio AITED (representing the Assessment Service)11. Florydette Cuales AITED (representing the Assessment Service)

A group was also formed to participate in the RMO write-shop. They provided feedback and input to the draft RMO for the OPMS. The members were:

1. Carolina Pesayco HREA, Human Resource Development Service (HRDS)

2. Leticia Batausa Chief, Assessment Programs Division

3. Salina Marinduque Chief, Taxpayer Service Programs Monitoring

4. Flor Mercado Chief of Staff, Large Taxpayers Service

Nema Larines Chief, Planning Division
 Cynthia Santos Chief, Statistics Division
 Aurora Trompeta Chief, Management Division

8. Amelita Zamora Section Chief, Management Division

Iterative process. The development of the Office Templates, guidebook and RMO went through cycles of review, discussion and revision. In each cycle, the EMERGE Team would present drafts of outputs and/or introduce concepts or framework for the working groups to start from. The outputs were revised and improved through discussions that draw from the expertise and experience of the participants. An enhanced version was then prepared for the next meeting. The OG Core Group usually provided the initial input to the drafts and set directions for the TWG's review and elaboration of the outputs. The TWG's subsequent enhancements were fed back to the OG Core Group. The series of OG Core Group and TWG meetings, and corresponding outputs

are summarized in the Appendix. Two joint meetings were also held to get final shared agreements on specific elements of the office templates.

Ideal vs. initial set of measures. It was recognized that the ideal scenario is to be able to identify a comprehensive set of valid and reliable performance measures for RRs and RDOs. However, given the time and resource constraints, it was agreed that the best approach would be to identify an initial set of measures that can already provide a good gauge of office performance. To ensure that the measures meet an acceptable level of reliability, only measures that have existing tracking systems were included, particularly in the 2006 Office Templates. It is expected that the current set of measures will further improve and expand as the OPMS matures over time, through learning by experience, further analysis and additional data that may become available.

Focus on outcomes. There was a deliberate effort to keep the performance measures at the outcome level. Outcome measures reflect the results of activities and outputs. They answer the question, "what results are achieved when activities are completed and outputs are produced?" as opposed to "what is produced?" If the measurement system only answers the latter, there is no assurance that results expected from the outputs are also achieved. Outcome measures are expressed in ratios as in the examples below. This level of measure is appropriate for the RDO and RR levels and allows comparability among the offices.

Table 2 Examples of Outcome Measures

Measure	Formula		
Audit effort ratio	Total collection from audit of reported cases Collection goal from audit		
AR Processing Efficiency	Number of warrants issued and pursued Number of AR cases handled		

Limting reporting burden. There was a conscious effort to minimize the need for additional reporting requirements from already over-burdened RRs and RDOs. In prioritizing which measures to include in the 2006 Office Templates, one criterion was the availability of existing reports from which the required performance measurement data can be culled so that the need for a new report is avoided. Otherwise, if a measure has no existing tracking system, it was deferred for measurement in 2007 or until such time that a reliable monitoring mechanism is in place.

Identifying measure owners. To ensure that the development and continuous improvement of performance measures are given consistent attention, "measure owners" were identified. Measure Owners are offices in the BIR National Office that collect and consolidate various performance data on the measures identified in the office templates. As such, they are also expected to analyze data, and report their findings and recommendations to BIR management. Currently, the measures in the RDO and RR templates are owned by the Services in OG, i.e., Assessment, Collection and Taxpayer

Assistance. In addition, the Human Resource Development Service is also a measure owner because a measure related to human resources is included.

Project Outputs

This Guidebook compiles some of the major outputs of the BIR-PMS Project - First Wave, specifically expected outputs 1, 2, 3 and 4 mentioned in the previous section. Here is a brief description:

Chapter 1 - BIR-PMS Project Overview. Gives you a background of the project, its objectives, approach, outputs and next steps.

Chapter 2 - The Office PMS Process. A step-by-step guide to the development of Office Templates and the implementation of the PMS Cycle that includes planning, monitoring, evaluating and rewarding office performance.

Chapter 3 – The BIR Strategy Map. Describes the strategic objectives of the BIR which serve as a guiding framework for measuring the performance of offices.

Chapter 4 – The Elements of the RR and RDO Performance Contracts. Explains in detail the different components of Performance Contracts for use in planning and evaluation.

Chapter 5 - The Measure Dictionary. Provides a detailed description of each of the performance measures for 2006. It includes information about the formulas to be used, sources of data, measure owner, rating scheme and the offices to which the measures apply.

Chapter 6 - The Office Templates for RR and RDO. Contains the office templates for RRs and RDOs that have been encoded and generated from PMIS.

Chapter 7 - The PMIS - RR/RDO. A user guide for the PMIS explaining the steps from the set up through the PMS stages of template development, target-setting/ planning and evaluation.

The other project outputs include:

Enhanced PMIS-LTS. A functional module supporting the proposed rewards system has been added to the existing PMIS-LTS, and is ready for customization once the rewards framework is firmed up. This is expected output #5.

Draft RMO on OPMS for RRs and RDOs. An initial draft that sets out the policies and guidelines for implementing the OPMS. This is expected output #6.

Next Steps: BIR-PMS Second Wave

The outputs of the First Wave are works-in-progress. In the Second Wave, they will be further refined alongside the development of the templates for other offices. The expected outputs of the Second Wave are:

 Refined Office Templates for RRs and RDOs. A simulation of the evaluation process using past performance data (possibly data from January to June 2006) will be undertaken to test the feasibility and

quality of the performance measures prioritized for 2006. There will also be an opportunity to expose the current drafts to Regional Directors and Revenue District Officers at the next Command Conference and getting their reaction. These steps are expected to yield feedback that would help improve the templates.

- Office Templates for the Operations Group, Legal and Inspection Group, Information Systems Group and Resource Management Group.
 These templates will also contain the objectives, measures, targets and rating schemes for these high level offices.
- Finalized Rewards Framework. The existing draft rewards framework
 will be firmed up, including such details as identifying positions subject
 to attrition, rewards factors, weight assignments for these factors and
 the process for rewards distribution, among others.
- PMS Guidebooks. There will be a Guidebook Part 1 on OPMS for Operations which will be a refined version of the current guidebook. Guidebook Part 2 will be on OPMS for Support Groups (LIG, ISG and RMG).
- RMO/s on the OPMS and Rewards. RMOs will be drafted to cover the OPMS for Operations and the support Groups, the rewards system and related areas required by the PAA/ IRR.
- Enhanced PMIS. The PMIS developed for LTS and the current one for RR/RDO will be integrated in one system.
- *PMS Briefing Design and a PMS Communicators Training.* As part of change management, information about the PAA, new OPMS and the rewards system will be shared through PMS Briefing sessions for concerned offices and individuals. The briefings will be run by PMS Communicators who will be given training on conducting the sessions.

Appendix

Project Meetings

April 21, 2006 OG Core Group Orientation	Balanced Scorecard as an approach in		
	eliciting performance measures adopted.		
	Project arrangements agreed		
May 2, 2006 OG Core Group	Strategy Map firmed up		
	Objectives of the Strategy Map as basis for identifying performance measures validated.		
May 5, 2006 OG Core Group	Objectives of the Strategy Map reviewed and enhanced.		
	Performance measures for the following objectives validated/ identified		
	o Collection o Compliance		
May 9, 2006 OG Core Group	Performance measures for the following objectives reviewed, validated and evaluated		
	o Collection o Satisfaction o Compliance o TP Base		
May 12, 2006 OG Core Group	Performance measures further clarified		
May 15, 2006 OG Core Group	Performance measures firmed up		
May 16, 2006 OG Core Group	Performance measures identified for		
May 17, 2006 TWG Orientation	Performance measures validated		
	Data journey for each performance measure determined		
May 23 TWG	Updated Data Journey		
May 25 TWG	BIR Family of Measures with initial targets and MOV		
June 9 Joint OG Core Group and TWG Meeting	BIR-OG Family of Performance Measures and MOVs		

Date	Attendees	Output		
		BIR-OG Prioritized Measures		
		Weight for Objectives and Measures		
		Initial Targets and Rating Schemes		
	5 11 24 11 111 111 111			
June 20	Follow-up Meeting with TWG	2nd Draft of Targets and Rating Schemes		
June 21	PMIS Orientation for Policy and Planning Service Rank &	Features of the Performance		
	File	Management Information System demonstrated		
		Proposed Rewards Framework explained		
June 26	OG Core Group	BIR-OG Family of Performance Measures and MOVs		
		Targets and Rating Schemes		
June 28	PMIS Orientation for Policy and Planning Service Top Level Management	Features of the Performance Management Information System demonstrated		
		Proposed Rewards Framework explained		
July 4	Meeting with selected RDOs and ACIRs	Additional input towards the refinement of performance measures		
		Reaction/input to the OPMS process		
July 5	RMO write shop with selected TWG members	Inputs to the first draft of the RMO		
July 10	RMO write shop (continuation)	Inputs to the second draft of the RMO		
July 11	Final Meeting with the OG Core Group, TWG, ACIRs and selected RDOs	Agreements on priority performance measures, targets and rating schemes for 2006		

Profiles of the BIR-PMS Project Team

Maria Teresa Bautista-Tolosa

Maria Teresa Bautista-Tolosa, the Team Leader of the First Wave, is an independent consultant in the areas of human resources management, organization effectiveness, and change management, mostly for public sector agencies. In the last four years, she has largely been engaged in projects focused on Performance Management Systems, among others. Her other work experience included six years as an internal HR consultant to two agencies of the State of Minnesota in the United States during a time when these organizations were in the process of reengineering their HR systems. At the Minnesota Housing Finance Agency, she designed and implemented a competency-based human resource management system covering performance management, compensation, and employee selection. At the Minnesota Department of Transportation, she was closely involved as a technical specialist in a variety of projects dealing with competency-based selection, organizational analysis, leadership and development, multi-rater feedback, and HR web development. She also worked for nine years as a Project Officer at the Development Academy of the Philippines where she handled management development programs and supervisory/managerial assessment centers for various government agencies. She has an M.A. in Industrial/Organizational Psychology and a B.S. in Management from the Ateneo de Manila University.

Minette Cruz-Soriano

Minette Cruz-Soriano was the Team Leader of the BIR-PMS LTS Project Phase 1 (under The Asia Foundation) and Phase 2 (with EMERGE). She helped install Performance Monitoring and Evaluation Systems in other organizations such as the Philippine-Australian Human Resource Development Facility, Globe Telecoms, and Consuelo Alger Foundation. She was also involved in the USAID-assisted Transformation Project of the BIR as an Organization Development Specialist. She was the Managing Director of the BRIDGES, Inc. from 1995 to 2000, where she led projects in the installation of organization performance and human resource management systems in private and government organizations. Ms. Soriano obtained her Bachelor of Arts Degree in Psychology from the University of the Philippines and Masters Degree in the same field of study from the Ateneo De Manila University.

John Paul C. Vergara

John Paul C. Vergara completed his BS Mathematics/Computer Science degree at the Ateneo De Manila University. He received his Masters and PhD degrees in Computer Science from the Virginia Polytechnic Institute and State University in 1990 and 1997, respectively. He currently teaches computer science and information technology at the Ateneo De Manila University in both the School of Science and Engineering and the Professional Schools. He has also served as IT and Systems Consultant for various firms where he has

designed, developed, and evaluated several information systems. His recent engagements include assisting the Bureau of Internal Revenue with the reengineering of its processes and the evaluation of the Bureau's IT projects. In the BIR-LTS-PMS project, he served both as a Systems Integrator in charge of the development of a Performance Management Information System, and as a Rewards Specialist in charge of developing a Performance Rewards Framework for the bureau.

Sandra Francesca A. Lovenia

Sandra Francesca A. Lovenia received her BS Management Information Systems and MS Computer Science degrees from the Ateneo de Manila University. She is currently an instructor of management information systems courses at the Information Systems and Computer Science Department of the same university. She has performed several tasks including systems analysis, documentation, testing, and project management in various information systems development projects. She served as a Systems Analyst in the BIR-LTS PMS project where she analyzed, designed, tested, and trained users on the Performance Management Information System.

Paolo Agloro

Paolo Agloro graduated with a degree in BS Management Information Systems at the Ateneo de Manila University. He recently completed his Masters Degree in Information Technology at the Institut National des Télécommunications. He is currently affiliated with the Ateneo de Manila University's School of Science and Engineering, particularly with the Department of Information Systems and Computer Science. Under the IT umbrella, his area of interest is systems development. As such, he is proficient in both the J2EE and WAMP technologies. He is also pursuing studies on Knowledge Management, Information Engineering, and Business Intelligence. In practice, he has conducted several Java training sessions, process documentation, and systems analysis and design for several projects. For the BIR-LTS PMS project, he assumed the role of the systems developer for a Performance Management Information System.

Edwin Siao

Edwin Siao is a Software Engineer and Consultant specializing in web applications and database programming. His previous professional engagements include employment with IBM, HSBC and ING Barings. A Cum Laude graduate in BS Computer Science from the Ateneo de Manila University, Mr. Siao was also involved in the academic field as a faculty member of the Ateneo de Manila University's Department of Information Systems and Computer Science (DISCS).

Venir Turla Cuyco

Venir Turla Cuyco is a lawyer specializing in government procurement law and in legislative and governance reform advocacy. He was the founding Director of the Defense Modernization Office of the Department of National Defense and worked as Chief of Staff for a member of the Philippine Congress. He obtained both his undergraduate (Political Science) and law degrees from the University of the Philippines. In addition, he acquired international training in the areas of multilateral security cooperation, international contracting and business negotiations, and human rights and humanitarian law.

Blanca D. Pasaporte

Blanca D. Pasaporte is the Task Manager/Chronicler of the BIR-PMS Project. She worked with the Development Academy of the Philippines as a Senior Project Officer before joining the project. A Quality Management Assessor of the Philippine Quality Award (PQA), she has 10 years experience in project management and development, training management, and process documentation. Her involvements include projects related to information technology, local development, human resource development, organization development, and governance. Prior to joining the government service, she worked with the private sector as an Analyst/Programmer and Operations Analyst. She holds a Bachelor of Science in Management and Industrial Engineering from the Mapua Institute of Technology.

Office Performance Management Process

This chapter presents an overview of the Office Performance Management System process (OPMS). It discusses the objectives, uses and tools of the OPMS. It explains in detail the steps in the different stages of the OPMS including planning, monitoring and evaluation.

Chapter 2: The Office PMS Process

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Description

This chapter describes the general process of the Office Performance Management System (OPMS). It starts off with the objectives of the OPMS and its uses and and the tools used in OPMS, specifically the Office Templates and the PMIS. It discusses the OPMS cycle which includes planning, monitoring and evaluating. It also provides a step-by-step process for each stage of the cycle and identifies the people and offices involved at each step, the outputs to be produced or submitted, and the timelines.

Acronyms

Bureau of Internal Revenue

CIR Commissioner of Internal Revenue

DCIR Deputy Commissioner of Internal Revenue

EMERGE Economic Modernization through Efficient Reforms and

Governance Enhancement

HRMU Human Resource Management Unit IRR Implementing Rules and Regulations

MANCOM BIR Management Committee

NO National Office

OPC Office Performance Contract

OPMS Office Performance Management System

PMS Performance Management System

PMIS Performance Management Information System

PPS Policy and Planning Service

RMO Revenue Memorandum Order

RDO Revenue District Office or Revenue District Officer

RD Regional Director

RDC Revenue Data Center

RR Revenue Region

TDT Template Development Team

Definitions

Measure owner - Head of the office that requires the collection and/or consolidation of performance data on a measure that is to be included in the office template

Office Template - A standard format and content of the performance contracts that apply to offices with similar functions.

Office Performance Contract - Document that contains the objectives, measures, and targets that an office is expected to accomplish for a given performance period.

Overall Template Manager - The role played by the Policy and Planning Service as it oversees the process for creating and updating of Office Templates.

Template Development Team - A team formed for the purpose of creating or reviewing/revising a template Composed of Template Owner, one or more Measure Owners and the Overall Template Manager.

Template owner - An official higher than the office for which the template is being developed. Leads the process of template development.

Strategy Map - A strategy implementation roadmap. It describes the high level strategic objectives that the organization must deliver if it is to successfully execute its strategy. It shows causal relationships of the strategic objectives.

Context

Republic act No. 9335, known as the "Attrition Act of 2005" and its implementing rules and regulations (IRR) provide for the establishment of a performance-based rewards and sanctions system. They call for an effective Performance Management System (PMS) for planning, monitoring and evaluating performance at the individual and office levels. The PMS is one of the bases for determining the distribution of rewards. The BIR currently has a PMS for measuring the performance of individual employees, the policies and guidelines of which are embodied in RMO 29-2004. Performance management at the office level needs to be installed. A Revenue Memorandum Order (RMO) has been drafted for this purpose. This guidebook supplements the RMO with the detailed processes and steps in the Office Performance Management System (OPMS).

Objectives of Office PMS

The Office Performance Management System aims to:

- Ensure alignment of office performance to overall strategic direction
- Clarify expected results from offices
- Gauge extent of contribution of offices to the overall performance of BIR, both financial and non-financial
- Serve as a mechanism for aligning individual objectives and enhancing the objectivity of individual performance evaluations
- Provide objective basis for decision-making

Uses of office PMS

The results of the office PMS may be used as basis for decision-making in the following areas:

- Rewards and sanctions
 - Recognize and reward good performance, both financial and nonfinancial
 - Determine appropriate action on offices that did not perform or failed to meet targets
- Continuous improvement
 - o Identify strengths and areas for development
 - Determine concrete steps or develop an action plan for addressing improvement areas so that good performance can be sustained
- Align individual performance
 - Provide focus in managing the performance of individuals within the office
 - Provide sound basis for determining work assignments of individuals to ensure that they contribute to the objectives of the office
 - Provide a general benchmark against which to anchor the evaluation of individual performance

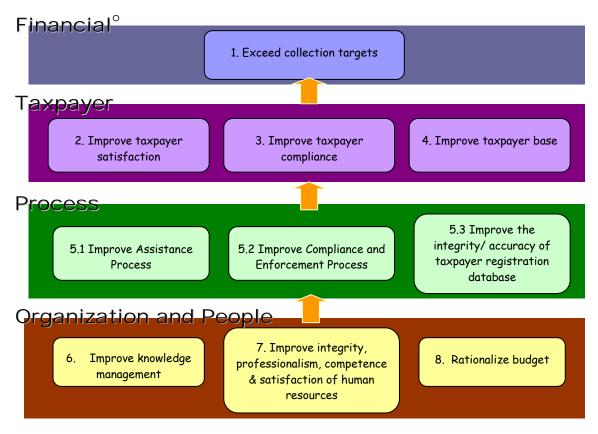
Strategy Map

The BIR Strategy Map serves as the guiding framework for all office performance contracts in the Bureau. It is a prerequisite to the process of the Office Performance Management. It articulates the priority areas of the Bureau, expressed in terms financial and non-financial objectives. All the performance measures or key performance indicators on office performance contracts are linked to these objectives.

The strategy map ensures the alignment of office performance to the Bureau as a whole. It helps an office identify to which objective it must contribute. It also becomes the basis for determining and prioritizing which activities and outputs to focus on in order to deliver the desired outcomes expected of the office and the bureau.

The BIR Strategy Map is shown below but it is discussed more fully in Chapter 3.

Figure 1 The BIR Strategy Map



Office Templates as OPMS Tool

A major tool in the OPMS process is the Office Template. Office Templates prescribe the standard format and content of the performance contracts for offices with similar functions. To date, Office Templates for Revenue Regions and Revenue District Offices have been formulated. It is envisioned that in the future, offices such as the Assessment Division of a region, or an HRMU, for example, will have their own Office Template and they will be applicable to all such offices, regardless of location. Because they are standardized, Office Templates facilitate data consolidation, analysis and comparison of performance of these offices.

Contents of Office Templates

Office Templates contain the following information:

- Objectives
- Objective weights
- Measures and formulas
- Measure weights
- Targets
- Rating scheme



See a sample page in the **Appendix** of this chapter. These items are described in more detail in **Chapter 4**, and the RR and RDO 2006 Office Templates are in **Chapter 6**.

Creating a new Office Template

When is it necessary? The creation of an Office Template is necessary when there are groups of offices with similar functions and deliverables, and their performance measures need to be standardized. An Office Template is created and uniformly applied to offices within the same category. Examples of office categories include Revenue Regions and Revenue District Offices. Revenue District Offices can be further categorized as RDO-computerized and RDO-non-computerized. In the future, there could be a template contracts for office categories like the regional Assessment Divisions, Legal Divisions, HRMUs, RDCs, etc.

Who determines if a template is needed? The Deputy Commissioner of the Group to which the office belongs can initiate the creation of offices templates under his/her jurisdiction. PPS and other officials may also trigger the creation of a template by making a recommendation to the DCIR. ManCom may also decide if a template is needed for a group of offices.

Who approves the template? At this time, all office templates need the approval of ManCom before they can be used.

What is the timeframe for template development? Any template intended to be used in a rating period must be finalized and approved by ManCom before the start of the planning phase for that rating period. Ideally, template development should be completed by October prior to the rating period.

Who is involved? When the DCIR has determined that a new office template needs to be created, s/he convenes a Template Development Team (TDT). The team consists of PPS as the Overall Template Manager, Template Owner and Measure Owners. These roles and their responsibilities are described in the table below.

Table 1 Key Players in Office Template Development

Roles	Description/ Responsibilities			
Roles	bescription/ Responsibilities			
	The Planning and Policy Service serves as the Overall Template Manager			
	Signs off on all the templates in the system			
Overall Template Manager	Tracks and signs off on the changes made to templates			
	Monitors the processes of creating templates, revising templates, and purging templates from the system			
	Is always part of any Template Development Team to ensure template standards are observed			
	Uploads all templates and subsequent approved revisions in the PMIS			
Template Development Team	A team formed for the purpose of creating or reviewing/revising a template.			
	Composed of Template Owner and one or more Measure Owners			
	Must be an official higher than the office for which the template is being developed			
Template owner	Leads the process of template development			
	Approves changes to the template			
Measure owner	Head of the office that requires the collection and/or consolidation of performance data on a measure that is to be included in the template			
	Determines/ identifies the means of verification (MOV) for the measure			
	Determines the target/ baseline and rating scheme for the measure			
	Analyzes the performance data and reports observations/ recommendations to management pertaining to the performance measure/s owned			

What is the process for template creation? The general process for creating office templates is as follows:

- 1. The Template Development Team drafts the Office Template by doing the following:
 - Identify objectives of the BIR Strategy Map to which office must contribute
 - o Assign weights for objectives
 - o Identify performance measures for each objective
 - o Assign weights for measures

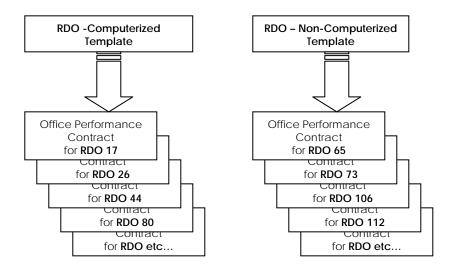
- o Identify means of verification (MOV) per objective
- o Determine targets (threshold, baseline) for each measure
- Determine rating schemes or the standards for each level of rating (1, 2, 3, 4, 5)

A detailed explanation of each of abovementioned steps is found in Chapter 4. The process of drafting the template may take several meetings to improve and refine the template. The TDT may also call in other functional experts, resource persons or incumbent heads of offices affected to provide input and/ or validate the template.

- 2. TDT presents the Office Template to ManCom for approval.
- 3. PPS uploads the approved template in PMIS and it should be ready for use in the next rating period.

Office Templates and Office Performance Contracts

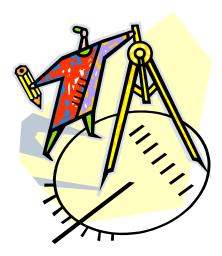
How does the Office Template relate to the Office Performance Contract? The Office Template is a model Office Performance Contract. An Office Template is first created, and from there Office Performance Contracts are "issued" to offices in the same category. Office Performance Contracts coming from the same template contain the same content and format. For example, computerized RDOs will use the "RDO-computerized" template and their Office Performance Contracts will be exactly the same, i.e., they will have the same objectives, measures, formulas, weights, targets and rating schemes.



See **Chapter 6** for the templates for Revenue Regions, computerized RDOs and non-computerized RDOs

Revising an existing Office Template

When is it necessary? OPMS recognizes the dynamic nature of office performance and that intervening factors may necessitate updating of existing office templates to accommodate changes in priorities, directions, targets. Deviations from the original template need to be captured or documented in a formal way and go through the review and approval process explained below. Once the Office Template is adjusted, the change will apply to all offices using that template.



Who can initiate changes to Office Templates? Like the creation of new Office Templates, the updating and revision of templates is determined by the DCIR of the office affected by the change. The PPS and other officials may also bring to the attention of and recommend to the DCIR any needed changes to the templates. ManCom can also initiate the revision of templates as it sees necessary.

Who will approve changes to Office Templates? ManCom approves updates and revisions to office templates upon the recommendation of the DCIR and Template Development Team.

When can changes be made? As part of the planning stage in OPMS (explained in the next section), existing Office Templates are reviewed and revised as necessary before the start of the rating period. Ideally, similar to the creation of new templates,

updates should be finalized by October.

However, there may be instances where a revision to the template may be needed sooner and would affect the performance contracts for the current rating period. Such change may be triggered by adjustments in priorities, targets or other directions set by ManCom. The DCIR needs to convene the Template Development Team and the revision of the Office Template will follow the process outlined below.

Who is involved in the revision of Office Templates? The key players in revising the office templates are the same as those that created the templates (see previous section).

What is the process for revising Office Templates? The template revision process is also similar to the process of creating templates.

- 1. The DCIR or an official designated by the DCIR completes a Template Revision Form, that explains the proposed change, specifically which part of the template needs to be adjusted, and the rationale:
 - Objectives
 - Objective weights
 - Measures and formulas
 - Measure weights
 - o Means of Verification

- o Targets
- Rating Schemes
- 2. The Template Development Team reviews the proposed change and endorses it to Mancom. They sign the Template Revision Form and attach the revised Office Template.
- 3. ManCom reviews and approves the revised Office Template, and signs the Template Revision Form and sends to PPS.
- 4. PPS makes the adjustments to the Office Template in PMIS.
- 5. PPS generates new Office Performance Contracts for office affected by the change.
- 6. DCIR signs the new Office Performance Contracts.
- 7. PPS sends them out to offices concerned who in turn review and sign the new contracts and return them to PPS.

Other Tools

PMIS

The Performance Management Information System (PMIS) is a web-based application that supports the OPMS process. It has the following modules:

- Planning/ Target-setting includes the setting up of Office Templates and assigning categories of offices to the templates, and the generation of Office Performance Contracts.
- Evaluation includes the generation of worksheets for consolidating and uploading actual performance data, and rating of office performance
- Management Reports includes standard reports that provide management with data for analysis and decision-making. This module is for further development but sample Management Reports can seen the Appendix.





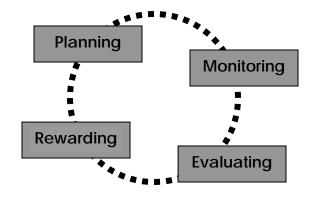
A Revenue Memorandum Order has been drafted and set the policies and guidelines governing OPMS. This Guidebook is an attachment to the RMO.



The Office PMS Cycle

The Office PMS process has 4 stages that are similar to typical performance management systems. These are planning, monitoring, evaluating and rewarding. A cycle runs for one year. Office performance will be rated on an annual basis.

Each stage of the cycle is explained below followed by a table that outlines the activities, people involved, outputs and timeframe for



the different steps in the process. Flowcharts at the end of the each section provide a visual summary of the steps.

The processes described below apply to **Revenue Regions** and **Revenue District** Offices for which office templates now exist.

Planning

In the planning stage, objectives, performance measures and targets are established.

Step 1. Update Office Templates

The OPMS process for RDOs and RRs begins with reviewing and updating the existing Office Templates. The Policy and Planning Service (PPS) generates the existing Office Templates (see Chapter 6 for the actual office templates for RDOs and RRs). The templates are reviewed jointly by the PPS, OG and the Template Development Team, and revisions are made as needed. The review may include an analysis of performance trends from the previous period to determine any necessary adjustments in targets or standards of performance. Changes to any element of the Office Template are encoded by PPS in the PMIS and the updated templates are generated and presented to ManCom for approval. Once approved, they are ready for use by the offices to which the templates should apply.

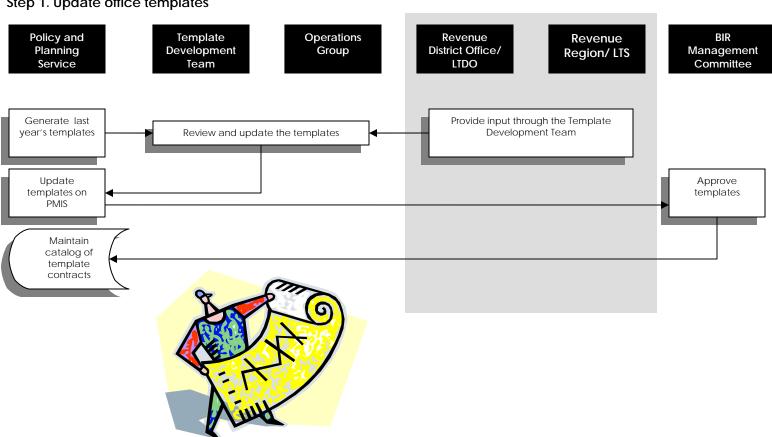
Step 2. Sign Office Performance Contracts

With the templates in place, PPS can now generate the Office Performance Contracts (OPC) for each office. They are forwarded to the Commissioner for signature and then distributed to the RDOs and RRs. The RDOs will review and sign their OPCs and submit them to their RDs for signature. The RDs will likewise review their own OPC. The RD then submits the regional and district OPCs to PPs which serves as the steward of all OPCs.

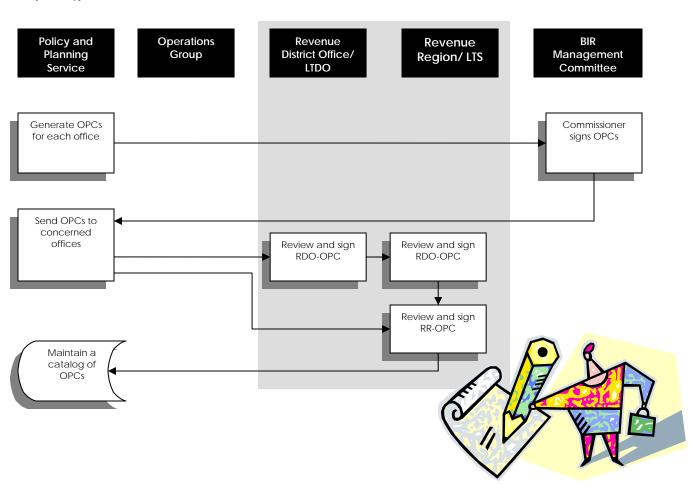
Table 2 Planning

Step	Persons involved/ responsible	Activity	Output	To whom submitted	Timeline
Update Office Templates	→ PPS	Generate templates from last year	→ Last year's templates	→ OG	July-October V
	→ OG, PPS, Template Developmen t Team	Review and update templates	→ Changes to templates	→ PPS	
	→ PPS	3. Encode revisions and generate new templates	→ Updated templates	→ OG, ManCom	
	→ ManCom	Approve new template	→ Approved Templates	→ PPS	V
2. Sign office performance contract (OPC)	→ PPS	5. Generate/ print OPCs for each office	→ OPCs	→ CIR	December V
	→ CIR	6. Sign OPCs	→ OPC signed by CIR	→ PPS	
	→ PPS	7. Send to offices concerned	→ Signed OPCs for RDOs sent out	→ RDO	
			→ Signed OPCs for RRs sent out	→ RD	
	→ RDO	8. Review and sign OPC for RDO	→ OPC signed by RDO	→ RD	\
	→ RD	9. Review and sign OPC for RDO and RR	→ OPC signed by RD	→ PPS	V

Once the OPCs are signed, the offices conduct their own operational planning to determine specific initiatives/ strategies/ programs that will help achieve expected outcomes articulated in the performance contract. Through this process it will also decide on the optimum deployment of people and work assignments. There may be improvement processes and other needed support that may be identified.



Step 1. Update office templates



Step 2. Sign Office Performance Contracts

Monitoring

Monitoring involves periodically checking and systematically documenting the office's progress in achieving its targets. It is a mechanism for assessing where the office stands against its targets so that necessary adjustments to its priorities and strategies can be made.

In developing the OPMS, effort was made to minimize, if not totally avoid, any additional reporting requirements from the RRs and RDOs. Most of the data on measures in the OPCs are already captured in the reports mandated by existing RMOs. The offices in the NO, also referred to here as the **measure owners**, who receive these reports, will cull the necessary data for OPMS purposes and consolidate them for uploading in PMIS.

Step 3. Monitor performance

RDOs are expected to submit the reports as required by existing RMOs to the regional office. The RRs in turn consolidate the performance data for the regional reports. The reports are submitted to the NO, specifically to measure owners within the Services.

These measure owners receive and consolidate the data on a monthly basis. Then every quarter, they will prepare the consolidated data for each measure in a format that is uploadable into PMIS. PPS will provide the Performance Monitoring Worksheet for this purpose.

PPS then uploads the quarterly data and generates **interim PMS ratings** or ratings for monitoring purposes. These ratings are not to be considered official. They are used as feedback information for gauging the office's progress towards its targets and for determining adjustments to initiatives and other activities to ensure that targets are achieved at the end of the performance period.

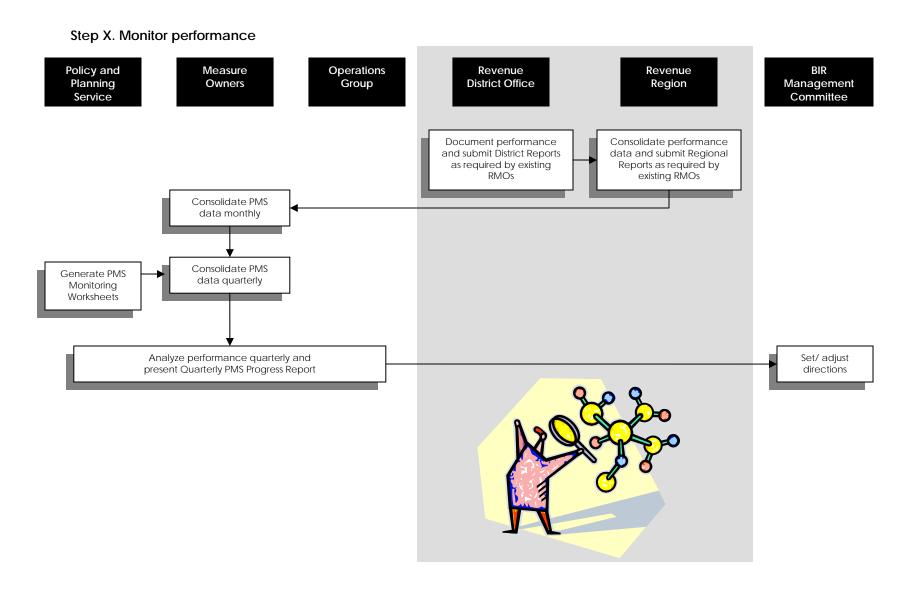
Together with PPS and other concerned officials in OG, the measure owners analyze and report their findings and recommendations quarterly to ManCom for decision-making.

If adjustments need to be made to the Office Performance Contract, i.e., change in measures, targets, etc., see section on Revising Office Templates on page 8.

Table 3 Monitoring

Step	Persons involved/ responsible	Activity	Output	To whom submitted	Timeline
3. Monitor performance	→ RDO	10. Document performance data in a systematic manner	→ District Reports as required by existing RMOs	→ RD	January - December
	→ RD	11. Review and consolidate performance data	Regional Reports as required by existing RMOs	→ Measure Owners	V
	→ Measure owners	12. Consolidate PMS data monthly	→ Consolidated Monthly PMS Report	→ PPS	January - December
	→ PPS	13. Generate Performance Monitoring Worksheets	→ Performance Monitoring Worksheets	→ Measure Owners	March, June, September
	→ Measure owners	14. Consolidate PMS data quarterly	→ Consolidated Quarterly PMS Report	→ PPS, OG	April, July, October
	→ PPS	15. Uploads PMS data in PMIS	→ Interim PMS Rating	→ Measure Owners, OG	April, July, October
	→ PPS, Measure owners, OG	16. Analyze PMS reports and communicat e findings/feedback	→ BIR Quarterly PMS Progress Report	→ ManCom, RDO, RR and OG, PPS	May, August, November

It is strongly encouraged that periodic reports are prepared and submitted on time so that reporting burden does not accumulate at the end of the performance period.



Evaluation

Evaluation involves the process of judging whether an office has met its targets or not, and determining ratings for actual performance.

Step 4. Determine actual performance

Measure owners consolidate data on actual performance on each measure for the whole year. They will encode this data on the Performance Summary Report Worksheet (this is the same format as the quarterly PMS Monitoring Worksheet but will contain annual performance data).

Step 5. Rate office

PPS uploads the Performance Summary Report Worksheets in PMIS. The OPC-Evaluation reports (see **Appendix** for sample) are generated and sent to OG-DCIR for signature. Once signed, PPS distributes the OPC-Evaluation reports to the respective RDOs and RRs. The RDOs review and sign the OPC-Evaluation report and forward them to the regional office. The RRs review the RDO OPC-Evaluation reports and their own RR OPC-Evaluation report. These are all forwarded to PPS.

Step 6. Analyze results

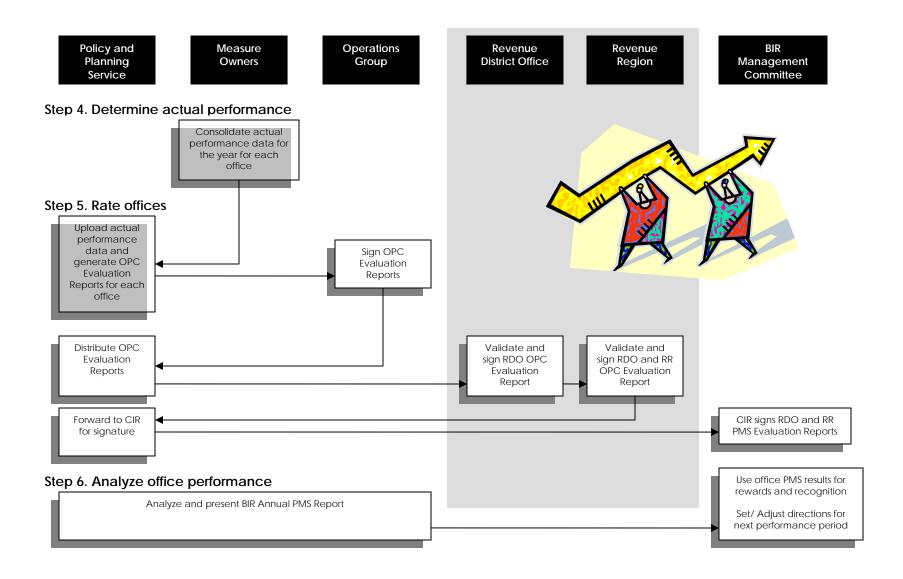
Soon after Step 4, measure owners can start the analysis of annual performance. They collaborate with PPS and other concerned officials of the OG to prepare the BIR Annual Performance Analysis Report. They will present their findings and recommendations to ManCom.

Table 4 Evaluation

Step	Persons involved/ responsible	Activity	Output	To whom submitted	Timeline
Determine actual performance	→ Measure Owners	17. Consolidate actual performance data for the year for each measure	→ Completed Performance Summary Report Worksheet for each measure	→ PPS	January Week 1-4
5. Rate office	→ PPS	18. Upload Performance Summary Report Worksheets in PMIS	→ Uploaded actual performance data for each office		Feb Week 1
	→ PPS	19. Generate/ Print OPC- Evaluation Report for each office	→ OPC Evaluation Report for each office	→ OG	Feb Week 2
	→ OG-DCIR	20. Sign OPC- Evaluation Reports	→ Signed OPC Evaluation Reports	→ PPS	
	→ PPS	21. Send OPC Evaluation Report to office concerned	→ OPC Evaluation Report sent out	→ RDO, RR	V
	→ RDO	22. Validate and sign OPC Evaluation Report for RDO	→ Signed OPC Evaluation Report for RDO	→ RD	Feb Week 3-4
	→ RD	23. Validate and sign OPC Evaluation Report for RDO and RR	→ OPC signed by RD	→ PPS	V
	If there are o	corrections to the OP	C-Evaluation report,	go to Step 7.	
6. Analyze results	→ Measure Owners, OG and PPS	24. Analyze performance for the year	→ Annual PMS Report	→ ManCom	February Week 2 - March Week 1

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RRs and RDOs also analyze their own performance to identify areas of strengths and areas for development, and formulate action plans to improve their performance in the next rating period.



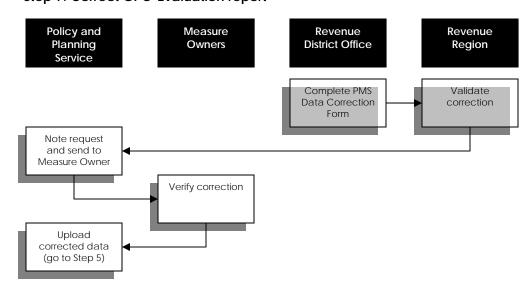
Step 7. Correcting OPC-Evaluation reports

This step is only necessary if there are errors in the uploaded actual performance data on which the office ratings were based. Corrections are allowed only for computational errors. These corrections must be made as soon as possible.

Table 5 Correcting OPC-Evaluation Report

Step	Persons involved/ responsible	Activity	Output	To whom submitted	Timeline
7. Correcting OPC-Evaluation Reports (if needed)	→ RDO	25. Complete PMS Data Correction Form	→ Completed PMS Data Correction Form	→ RR	1 week from receipt of Performance Evaluation Report
	→ RD	26. Validate correction	→ Validated PMS Data Correction Form	→ PPS	1 week from receipt of PMS Data Correction Form
	→ PPS	27. Send to measure owner	→ PMS Correction Form sent out	→ Measure owner	1 day from receipt of PMS Data Correction Form
	→ Measure owner	28. Verify correction	→ Verified correction form	→ PPS	1 week from receipt of PMS Data Correction Form
		Go back to STEP	5. RATE OFFICES		

Step 7. Correct OPC-Evaluation report



Rewarding

The results of the performance evaluation stage will be used as basis for rewards. A rewards framework that is aligned with the Performance Attrition Act has been finalized has been drafted and has yet to be finalized. It will be added to this guidebook once it is approved.

Appendix

- 1 Sample Page of Office Template
- 2 Template Revision Form
- 3 Sample PMS Monitoring Worksheet
- 4 Sample Management Report 1
- 5 Sample Management Report 2

1 - Sample Page of Office Template

REPUBLIKA NG PILIPINAS

Kagawaran ng Pananalapi Kagawaran ng Rentas Internas Lungsod ng Quezon

OFFICE TEMPLATE

Template Name: RDO Computerized

Date: July 7, 2006

Performance Period: Y06S01

OBJECTIVE	OBJECTIVE WEIGHT	MEASURE	FORMULA	MEASURE WEIGHT	TARGET
Exceed Tax Collection	60 %				
		Oallandian Onworth	Collection this year	50.0/	400.0/
		Collection Growth	Collection last year	50 %	100 %
		Collection Performance	Actual collection	50.04	100 %
		Collection Performance	Assigned goal	50 %	100 %
			Measure Total:	100 %	
Improve Taxpayer Compliance	15 %				
		Otan filanda da co	Number of cases created	F 0/	45.0/
		Stopfiler Index 2	Number of returns expected to be filed	5 %	15 %
		Stopfiler Index 1 (for	Number of stop filer cases closed	15 %	70 %
		computerized)	Number of cases created	15 %	70 %
		Percentage Tax Compliance	Total number of % returns filed (2551M)	10 %	80 %
		Percentage Tax Compliance	Total registered % TPs x 12	10 %	00 %
		Annual Income Tax Returns	Number of tax returns filed (1701 & 1702)	15 %	80 %
		Compliance	Number of registered TPs filing 1701 & 1702	15 %	00 %
		Increase in Business Tax	VAT and % Tax collection this year	15 %	100 %
		collection vs. last year	VAT and % Tax collection last year	15 %	100 %
		Audit effort ratio	Total collection from audit of reported cases	10 %	5 %
		Audit enon ratio	Collection goal from audit	10 %	5 %

2 - Template Revision Form

Template Revision Form					
Office Template (Please attach revised Office Template)					
Template Owner					
Revision Recommended by					
Nature of revision					
Rationale/ Reason for revision					
Remarks, if any.					
Reviewed by Template Development Team/ Date					
Approved by ManCom/ Date					
Approved by Marieonii/ Bate					

3 - Sample PMS Monitoring Worksheet

RDO Computerized	RDOC	
Percentage increase in B	usiness Tax collections	
. crocinage increase in 2	VAT and % Tax collection this year	VAT and % Tax collection last year
RD017		
RDO18		
RDO19		
RDO21		
RDO23		
RDO24		
RDO25		
RDO26		
RDO27		
RDO28		
RDO29		
RDO30		
RDO31		
RDO32		
RDO33		
RDO34 RDO38		
RD038		
RDO39		
RDO40		
RDO41		
RDO42		
RDO44		
RDO45		
RDO46		
RDO47		
RDO48		
RDO49		
RDO50		
RDO51		
RDO52		
RDO53		
RDO54		
RDO55		
RDO56		
RDO57		
RDO80		
RDO81		
RDO82		
RDO83		
RDO122		
RDO116		
RDO121		
RDO123		

5 - Sample Office Performance Contract - Evaluation Report

REPUBLIKA NG PILIPINAS Kagawaran ng Pananalapi Kagawaran ng Rentas Internas Lungsod ng Quezon

OFFICE PERFORMANCE CONTRACT - EVALUATION

Office: Tarlac, Tarlac	OVERALL RATING: 3.64
Date: July 7, 2006	Collection goal this year: 32000000
Performance Period: Y06S01	Collection goal last year: 26400000

OBJECTIVE	OBJECTIVE WEIGHT	MEASURE	FORMULA	MEASURE WEIGHT	TARGET	ACTUAL VALUES	ACTUAL (%)	MEASURE RATING	OBJECTIVE RATING
Exceed Tax Collection	60 %								3.5
		0.11	Collection this year	50.0/	100.0/	124500750	10150/	_	
		Collection Growth	Collection last year	50 %	100 %	100000000	124.5 %	5	
		Collection	Actual collection	50.0/	400.0/	95000000	95 %	0	
		Performance	Assigned goal	50 %	100 %	100000000	95 %	2	
			Measure Total:	100 %					
Improve Taxpayer Compliance	15 %				7				4
		Stopfiler Index 2	Number of cases cre Number of return)% (O)		100	8 %	4	
		Stop ex 1 (for con (te-zed)	to er se lo	7 15 %	70 %	89 100	89 %	4	
		Percenta F	To n be of 9 sturns filed (2551M)	10 %	80 %	86	86 %		
			Total registered % TPs x 12		100		00 %	4	
		Number of tax returns filed (1701 & 1702)	15 % 80 %		1000000	100.07	_		
		Returns Compliance	Number of registered TPs filing 1701 & 1702	15 /0	80 %	1000000	100 %	5	
		Increase in Business Tax collection vs.	VAT and % Tax collection this year	15 %	100 %	140000000	140 %	5	
		last year	VAT and % Tax collection last year	15 /0	100 /6	100000000	170 /0		

REPUBLIKA NG PILIPINASKagawaran ng PananalapiKagawaran ng Rentas InternasLungsod ng Quezon	OFFICE PERFORMANCE CONTRACT - EVALUATION					
	Office: Tarlac, Tarlac	OVERALL RATING: 3.64				
	Date: July 7, 2006	Collection goal this year: 32000000				
	Performance Period: Y06S01	Collection goal last year: 26400000				

OBJECTIVE	OBJECTIVE WEIGHT	MEASURE	FORMULA	MEASURE WEIGHT	TARGET	ACTUAL VALUES	ACTUAL (%)	MEASURE RATING	OBJECTIVE RATING
		Audit effort ratio	Total collection from audit of reported cases	10 %	5 %	5	5 %	4	
			Collection goal from audit			100			
		Increase in income tax collection from Individual TPs	Total income tax collections from individuals engaged in business and practice of profession (1701Q and 1701) this year	15 %	100 %	97000000	97 %	2	
		engaged in business vs. last year	Total income tax collection from individuals engaged in business and practice of profession (1701Q and 1701) last year	13 %		100000000	97 76		
		Increase in income tax collection from Corporations vs. last year	Total income tax collection from corporations (1702 and 1702Q) this year Total income tax collection from corporations (1702 and 1702Q) last year	15 %	0)	00 00 0	106 %	4	
Improve Taxpayer Base	5 %	RO							4.5
		Tax Mappir Effect Busin Taxpayers	Number of unregistered tax mapped business taxpayers	25 %	61 %	95 100	95 %	5	
		Tax Mapping Efficiency	Actual Number of taxpayers visited based on tax mappingNumber of Taxpayers targeted to	25 %	80 %	88 100	88 %	4	
		Increase in TP	be visited Number of new business regitrants	25 %	5 %	10	10 %	5	
		D 430	Total business taxpayers			100			
		Compliance of new	Number of new registrant-filers	25 %	70 %	85	85 %	4	
		registrant-filers	Number of new registrants	20 /0	. 5 /6	100	00 /0		
			Measure Total:	100 %					

ng PananalaniKagawaran ng Rentas	DFFICE PERFORMANCE CONTRACT - EVALUATION					
	Office: Tarlac, Tarlac	OVERALL RATING: 3.64				
5 5	Date: July 7, 2006	Collection goal this year: 32000000				
	Performance Period: Y06S01	Collection goal last year: 26400000				

OBJECTIVE	OBJECTIVE WEIGHT	MEASURE	FORMULA	MEASURE WEIGHT	TARGET	ACTUAL VALUES	ACTUAL (%)	MEASURE RATING	OBJECTIVE RATING
Improve Processes	15 %								3.1
		Resolution of dishonored checks	Number of dishonored checks collected	15 %	0 %	97	97 %	5	
		distrottored checks	Number of dishonored checks			100			
		AR Collection	Collection from AR	15 %	5 %	6	6 %	3	
		Effort	Total AR handled	15 %	5 /6	100	0 /0	3	
		Validation of Corporate Filers	Number of corporate filers validated Total number of registered corporate TPs	10 %	85 %	96	%	5	
		AR Collection Efficiency	Number of AR cases closed/collecte d d n			103	7.77 %	1	
		Capture of non-compute RDOs	ht of pa mITS anumber of TPs per TAS Report 007 and 009	10 %	80 %	850 1000	85 %	3	
		Resolution of suspended TPs	Number of resolved suspended TPs due to uploading errors	10 %	80 %	76	76 %	2	
			Total number of TPs with TRU uploading errors			100			
		AR Processing Efficiency	Number of warrants issued and persued	10 %	80 %	950	95 %	5	
		Emclericy	Number of AR cases handled			1000			
		Audit Effort Ratio	Total collection from audit of reported cases	10 %	5 %		%		
			Collection goal from audit						
		Resolution of multiple and	Number of resolved multiple and identical TINS	10 %	80 %	85 	85 %	3	
		identical TINS	Total number of multiple and identical TINS	,0	OU 76	100		05 /0	
			Measure Total:	100 %					

ng PananalapiKagawaran ng Rentas InternasLungsod ng Quezon	OFFICE PERFORMANCE CONTRACT - EVALUATION				
	Office: Tarlac, Tarlac	OVERALL RATING: 3.64			
	Date: July 7, 2006	Collection goal this year: 32000000			
	Performance Period: Y06S01	Collection goal last year: 26400000			

OBJECTIVE	OBJECTIVE WEIGHT	MEASURE	FORMULA	MEASURE WEIGHT	TARGET	ACTUAL VALUES	ACTUAL (%)	MEASURE RATING	OBJECTIVE RATING
Improve Integrity, Professionalism, Competence and Satisfaction of Human Resources	5 %						1		5
		HR Report Compliance	Weighted number of reports submitted on time Weighted number of reports required for submission Measure_Tot	100 %	40 %	J) ()	95	5	
Objective Total	100 %								
		Deputy	/ Commissioner – Operations Group	р		Commis	ssioner		
			Revenue District Officer			Regional	Director		

5 - Sample Management Report 1

SUMMARY OF OVERALL RATINGS PER OFFICE

Office Category: RDO Computerized	
Date: July 7, 2006	
Performance Period: Y06S01	

OFFICE	OVERALL RATING
RDO018 - Olongapo City	3.95
RDO017 - Tarlac, Tarlac	3.64
RDO019 - Subic Bay Metropolitan Authority (SBMA)	3.50
RDO021 - San Fernando, Pampanga	3.45
RDO023 - Cabanatuan City	3.31
RDO054 - Trece Martires City	3.25
RDO053 - Las Pinas-Muntinlupa	3.19
RDO056 - Calamba, Laguna	3.02
RDO025 - Plaridel, Bulacan	3.00
RDO082 - Cebu City South	3.00
RDO081 - Cebu City North	2.99
RDO024 - Valenzuela City	2.96
RDO083 - Talisay City, Cebu	2.96
RDO055 - San Pablo City	2.94
RDO080 - Mandaue City	2.93
RDO057 - San Pedro,Laguna	2.90
RDO026 - Malabon City/Navotas	2.86
RDO038 - North, Quezon City	2.84
RDO052 - Paranaque	2.83
RDO039 - South, Quezon City	2.80
RDO050 - South Makati	
RDO034 - Paco/Pandaco Ana	2.78
RDO051 - Pasay City	2.77
RDO030 - Binondo	2.71
RDO048 - West Maka	2.71
RDO031 - Sta. Cruz	2.70
RDO032 - Sampaloc/San Miguel/Quiapo/Sta. Mesa	2.66
RDO033 - Ermita/Intramuros/Malate	2.61
RDO040 - Cubao, Quezon City	2.56
RDO028 - Novaliches	2.50
RDO029 - Tondo/San Nicolas	2.45
RDO049 - North Makati	2.45
RDO042 - San Juan	2.44
RDO041 - Mandaluyong	2.41
RDO043 - Pasig City	2.38

6 - Sample Management Report 2

OFFICE PERFORMANCE REPORT PER MEASURE

Measure Name: Collection Performance		Measure Formula:
Date: July 7, 2006		Actual collection
Performance Period: Y06S01		Assigned goal

OFFICE	ACTUAL VALUES	ACTUAL (%)
DDC092 Tolicov City Coby	129290000	129.29 %
RDO083 - Talisay City, Cebu	100000000	129.29 %
RDO082 - Cebu City South	126790000	126.79 %
NDOUGE - Gebu Gity South	100000000	120.79 /6
RDO081 - Cebu City North	124290000	124.29 %
NDOUGH - Gebu Gity North	100000000	124.23 /0
RDO080 - Mandaue City	121790000	121.79 %
NDO000 - Iwandade Oity	100000000	121.73 70
RDO057 - San Pedro,Laguna	119290000	119.29 %
NDO007 - Oan't edio, Laguna	100000000	113.23 //
RDO056 - Calamba, Laguna	116790000	116.79 %
NDO000 - Galamba, Laguna	100000000	110.79 %
RDO055 - San Pablo City	114290000	114.29 ‰
	100000000	
RDO054 - Trece Martires City	111790000	
RDO053 - Las Pinas-Muntinlupa	100000000	109.29 %
RDO052 - Paranaque	10 6 790000 1000000000	106.79 %
RDO026 - Malabon City/Navota	93250000 87750000	106.27 %
RDO025 - Plaridel, Bulacan	93500000 89500000	104.47 %
RDO051 - Pasay City	104290000 100000000	104.29 %
RDO024 - Valenzuela City	93750000 91250000	102.74 %
RDO050 - South Makati	101790000 100000000	101.79 %

The BIR Strategy Map

This chapter provides an overview of the BIR Strategy Map. It describes its features: the four perspectives, the eight objectives clustered in the four perspectives and the cause-effect relationship among the objectives. It also explains the various uses of the Strategy Map.

Chapter 3: The BIR Strategy Map

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The BIR Strategy Map

The BIR Strategy Map presents a holistic view of the strategic efforts of our Agency towards the attainment of our yearly collection targets. It highlights the fact that for the BIR to exceed its collection target in a sustained manner in the long term, it needs to give equal attention and importance to taxpayer needs, process improvements and organizational learning and growth.



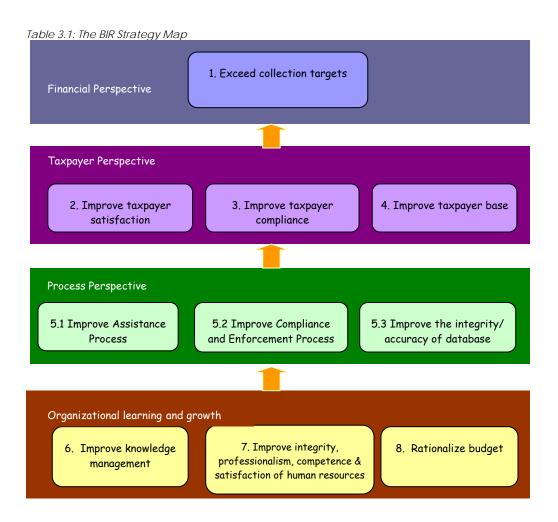
The BIR Strategy Map is graphically shown in the next page. It **zooms -in on a balanced set of perspectives**, namely: financial, taxpayers, processes and employees.

- <u>Financial perspective</u>: It includes efforts of the BIR that directly contribute to increased collection.
- <u>Taxpayer perspective</u>: It pertains to all strategic objectives leading to increasing taxpayer base, satisfaction and compliance resulting to increased revenue.
- Process improvement perspective: It captures all strategic objectives of the Bureau to improve its core operations processes. These core processes are in the areas of taxpayer assistance, compliance and enforcement and expansion of registered filers.
- Organizational learning and growth perspective. It subsumes all strategic objectives contributing to improvement in human resource integrity, professionalism, competence and satisfaction. IT also includes efforts of the BIR to rationalize its budget.



The four perspectives are areas where our Agency wants to generate results and continuous improvements across the Revenue Regions and Revenue District Offices nationwide. Note that we don't only want to create impact along our collection performance. We strongly believe that if we do well in our other key performance areas, such as in these four perspectives, we would eventually do well in our

collection performance!





The BIR Strategy Map captures a **set of objectives** clustered along the four perspectives. The operational definition of each objective is reflected in the matrix below.

Table 3.2: Summary of operational definitions of the perspectives and

objectives

objectives Perspectives	Objectives	Operational Definition
Perspectives	Objectives	Operational Definition
1. Financial: It includes all strategic objectives directly contributing to increased revenue.	Exceed collection target	Collection from voluntary compliance Collection from audit/ collection/ enforcement
2. Taxpayer: It pertains to all strategic objectives leading to	2. Improve TP satisfaction	Meet the needs of taxpayers. Identifying, analyzing and responding to all taxpayer needs.
increasing taxpayer base, satisfaction and compliance resulting to increased revenue.		Providing customized industry- specific services to help taxpayers fulfill their tax obligations.
	3. Improve TP compliance	Improve TP compliance
	Compliance	Tracking and enhancing various taxpayer compliance behavior, including registration, filing, payment, and reporting compliance. This also includes processing of tax refunds.
CHI NO.		Detect and eliminate revenue leakages Employing various TPI strategies, reconciliation, document matching, spot checking, stocktaking, stop-filer detection
		Identifying and addressing loopholes in issuances that are a source of leakages
		Intensify enforcement Conducting quality audits
		Issuing permits according to regulatory requirements
	4. Improve TP base.	Broaden TP Base
		Increasing the number of TP Base.
3. Process improvement: It captures all strategic initiatives of the Bureau to improve its core.	5. Improve processes.	Process improvement Reviewing and streamlining core processes of BIR which correspond to its 3 strategies:
to improve its core processes eg		5.1 Taxpayer Assistance
assistance, compliance and enforcement, database integrity and		5.2 Taxpayer Compliance and Enforcement
accuracy.		5.3 Integrity and accuracy of its taxpayer database.
4. Organizational earning and growth: It subsumes all strategic initiatives contributing	Improve knowledge management.	Knowledge management analysis and utilization Determining what data should be collected and analyzed
to improvement in knowledge management, level of human resource integrity,		Developing and expanding a reliable and comprehensive knowledge base of data and information to support planning, policy- and decision-

Perspectives	Objectives	Operational Definition
professionalism, competence and satisfaction. IT also includes efforts of the BIR to rationalize its budget.		making in BIR.
	7. Improve integrity, professionalism, competence & satisfaction of human resources	Providing training and other development opportunities to foster continuous learning among employees
	8. Rationalize budget	Aligning the budget plan with the Strategic and operation plans at the National, Regional and RDC levels.

The Strategy Map also defines the chain of logic or possible cause-effect relationships among the objectives. This can be statistically proven in time, but for now the arrows reflect a simple linear relationship. The Map hypothetically states that for BIR to exceed its collection target, it has to improve its taxpayer level of satisfaction, compliance and registered filers. It asserts further that for it to do well in providing services to taxpayers, it has to continuously improve its core



operational processes in the areas of assistance, enforcement and compliance and registered tax filer expansion. Likewise, for the BIR to do well in its core processes, it has to invest in its people and organization's learning and growth.

To help us further establish our focus, we have assigned weights across the objectives of our Strategy Map. **Weight** indicates the priority objectives for a given time period. Weight assignment across objectives should always total 100%. Please see the table below.

Table 2.3: Objectives with weight assignments for 2006

OBJECTIVE		OBJECTIVE WEIGHT
1.	Exceed collection targets	60%
2.	Improve taxpayer satisfaction	Will not be measured yet for 2006. It is best that this objective is measured by an external institution. Efforts, nonetheless along this objective shall be pursued and credited in other objectives such as process improvement.
3.	Improve taxpayer compliance	15%
4.	Increase taxpayer base	5%
5.	Improve processes	15%
6.	Improve knowledge management	Will not be measured yet for 2006. Many of the initiatives subsumed under this objective e.g. profiling and benchmarking are still in the pipeline.
7.	Improve the integrity, professionalism, competence	5%

OBJECTIVE	OBJECTIVE WEIGHT
and satisfaction of human resources	
	Will not be measured yet for 2006. This is seen as of now as a National Office deliverable.
Objective Total Weight Assignment	100%

Collection performance is still our focus in 2006 as shown in the weight given to this objective. It has the highest weight assignment among the objectives, not only because tax collection is the overriding goal of the BIR, but also because it is the metric with the clearest tracking system and evaluation metric as of now. In time, the weight assignments may change, as lessons from other countries show that efforts to improve tax compliance and meet taxpayer needs assure sustainability of tax collection. Revenue Agencies of developed countries, such as the Internal Revenue Service (US), Australian Taxation Office (Australia) and Inland Revenue Department (New Zealand) give equal, if not more importance to taxpayer compliance and satisfaction because initiatives along these objectives resulted in sustained attainment of revenue collection targets. In the future when the direction of BIR is towards taxpayer satisfaction or compliance, a higher weight may be assigned to these other objectives.

Uses of the BIR Strategy Map

The BIR Strategy Map has other uses:

Communication tool. The BIR Strategy Map provides a graphical representation of our Agency's strategic direction. It presents a roadmap of the strategies of BIR towards the actualization of its mandate to collect taxes.



Alignment tool. The BIR Strategy Map serves as a tool for

translating the strategic directions of the Agency into operational plans of the functional offices and regional/revenue district offices nationwide.

Evaluation tool. The objectives in the strategy map are translated into specific measures in the next chapter. The measures serve as bases for evaluating office performance nationwide. Offices will now be evaluated along the objectives of the strategy map.





Reward deployment tool. Offices will also be rewarded on the basis of performance along the eight objectives of the strategy map.

The Performance Contract

This chapter provides an overview of the elements of the performance contract for the Revenue Regions and Revenue District Offices of the BIR.

Chapter 4: Elements of the RR and RDO Performance Contract

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ACTUAL PERCENTAGE (%)	13	
Measure rating	14	
OBJECTIVE RATING	14	
Overall rating	14	

Description

This chapter provides an overview of the uses and elements of the BIR-Operations Performance Contract. The contract is a **planning tool** that translates the strategy map of the BIR into specific and quantifiable measures as applied to the Operations units of the BIR particularly the Revenue District Offices. Since the targets are articulated, the contract points in very clear terms how an office performance will be objectively evaluated and assessed at the end of a rating period. With very clear standards and targets along a balanced set of perspectives, the performance contract is also an **evaluation tool**. The performance contract may be viewed from the Performance Management Information System Web (PMIS Web described in Chapter 7).

A total of 15 measures were chosen for evaluation for 2006. These were chosen after a series of iterative meetings with a number of stakeholders e.g., MANCOM, Operations Core Group, Technical Working Group and representatives of the Revenue Regions and Revenue Districts. The metrics were chosen based on 2 criteria: (1) availability of an electronic or manual system for tracking or monitoring the measure and (2) usefulness of the measure as an indicator of office performance.

Objectives

The chapter aims to explain each element of the performance contract.

Acronyms

BIR-Bureau of Internal Revenue

EMERGE -Economic Modernization through Efficient Reforms and Governance Enhancement

MANCOM- Management Committee

OG-Operations Group

RDO- Revenue District Office

RR-Revenue Regions

Definitions

Actual percentage (%) - captures the computed actual performance value. For example, the actual value for collection performance of RDO X is P5B/P6B. The actual % the computed value which is 83.33%

Actual value- captures the raw performance data as stated in the formula of the measure. For example, Collection Performance as a measure has the following formula: Actual collection/ Assigned goal. The actual value of a specific RDO may be P5B /P6B.

Formula reflects how each measure is operationally defined for the current year.

Measure- is an indicator of office performance. These translate the objective statements in the Strategy Map into more specific and quantifiable terms. The measure may be described in terms of quantity, quality, efficiency or timeliness.

Measure weight- reflects the level of importance of the measure in the attainment of the objective. Each measure is assigned a weight or number. The total weight across a set of measures for each objective should total 100%. The measure weight mirrors the operational focus or priority of the BIR for the current year.

Objective rating- is the summation of the measure rating.

Objective- The objectives are culled from the BIR Strategy Map. It is a 'verb noun' statement describing what an organization must do well in order to effectively implement its strategy and attain its mandate.

Objective weight- is a number assigned to the weight reflecting the level of importance of the objective in the attainment of the overall mandate of the BIR. It mirrors the strategic focus or priority of the BIR for the current year.

Perspective- is a grouping of objectives and metrics within a scorecard. The perspectives of BIR are in the following areas: financial, taxpayer, process improvement and organizational learning & growth.

Target describes the expected level of performance required for each measure. It will be the standard to which actual performance or accomplishment will be compared to determine performance ratings.

Elements of the BIR Operations Performance Contract

The BIR Operations Office Performance Contract is a tool used for translating the BIR Strategy Map into measurable objectives and a basis for measuring performance at the Office level. It contains the following elements:

- 1. Objectives
- 2. Objective weights
- 3. Measures
- 4. Formula
- 5. Measure weights
- 6. Target
- 7. Actual Values
- 8. Actual %
- 9. Measure rating
- 10. Objective rating



Table 3.1: The BIR-Operations Performance Contract

Objective	Objective	Measure	Formula	Measure	Target	Actual	Actual	Measure	Objective
	Weight			Weight		values	(%)	rating	Rating
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)

Columns 1-6 are the outputs of the Planning Stage and are embodied in the Office Templates and Performance Contracts described in Chapter 6.

Columns 7-10 are the actual performance data and evaluation results.

The succeeding sections describe each column of the Performance Contract. (The Contract may now be generated using the Performance Management Information System. Please see Chapter 7 of this Guidebook).

Planning Contract at the Planning Stage

This section describes the outputs of the Planning stage. These are captured in Columns 1-6 of the Performance Contract.

Objectives in Column 1 reflect the 8 objectives in the Strategy Map.

Objective Weights under Column 2 are assigned for each objective depending on the strategic focus or priority of the BIR for the current year. The weight assignments across objectives for 2006, as approved by the MANCOM on July 26, 2006 are shown in Table 3.2. (*This has also been discussed in the previous chapter of this Guidebook.*)

Table 3.2: The BIR-OG Performance Contract with Objectives and Objective weights

	Objective	Objective Weight
	(1)	(2)
1.	Exceed collection targets.	60%
2.	Improve taxpayer satisfaction (to be measured in 2007).	
3.	Improve taxpayer compliance.	10%
4.	Increase taxpayer base.	5%
5.	Improve processes	20%
6.	Improve knowledge management (to be measured in 2007).	
7.	Improve integrity, professionalism, competence and satisfaction of HR	5%
8.	Rationalize budget (to be measured in 2007).	
	Total	100%

Measures captured in Column 3 are indicators of office performance (see succeeding pages). These translate the objective statements in the Strategy Map into more specific and quantifiable terms. These may be described in terms of quantity, quality, efficiency or timeliness. The prioritized measures for 2006 are shown in the table below. They have been chosen by the BIR-OG Core Group, Technical Working Group and Management Committee based on the following criteria:



- (1) Availability of an electronic or manual system for tracking or monitoring the measure
- (2) Usefulness of the measure as an indicator of office performance.

What are Performance Measures?

Performance measures quantitatively give us an indicator of how well we are managing our services, our processes and our people. They are tools to help us understand and improve our performance. Effective performance measures provide us with the information necessary to make intelligent decisions about what we do e.g. what programs contribute significantly to higher collection or compliance? Which programs should be given more resources?

Most measures can be grouped into the following categories:

- 1. Effectiveness- Are we doing the right things?
- 2. Efficiency- Are we doing things right?
- 3. Quality Are we meeting the customer requirements and specifications?
- 4. Quantity- Are we meeting the required/desired number of outputs?
- 5. Timeliness Are we accomplishing our work according to the set time?

Based on these criteria, the original list of 50 measures was trimmed down to 15. The measures chosen for 2006 are the following:

Table 3.3: Prioritized Performance Measures for 2006

ial		rmance Measures for 2006	Measures			
	Objective	Objective Weight	ivieasures			
	(1)	vveignt (2)	(3)			
1.	Exceed collection	60%	Collection Performance			
	targets		2. Collection Growth			
2.	Improve taxpayer	Will not be measured yet				
	satisfaction	for 2006.				
2	las a serve de vene	10%	A Valuntani samulianas			
3.	Improve taxpayer compliance	10%	A. Voluntary compliance 3. Stop-filer Index (cases closed)			
	compliance		3. Stop-filer fridex (cases closed)			
			B. Compliance as a result of audit			
			4. Audit effort ratio			
4.	Increase taxpayer	5%	5. % Increase in TP Base			
	base		6. Tax Mapping Efficiency			
			Tax Mapping Effectiveness for business taxpayers			
			8. Compliance of new registrant filers			
			o. Gemphanee of new registrant meis			
5.	Improve processes	20%				
5.1:	Improve Assistance	Will not be measured				
Pro	cesses	yet for 2006.				
F 0	I		A Accelta Dana a con-			
	Improve orcement Processes		A. Audit Process 9. Quality of Audit Report			
Lin	Dicement Hocesses		7. Quality of Addit Report			
			B. Accounts Receivable			
			10. Resolution of dishonored checks			
			11. AR Collection Effort			
			12. AR Processing Efficiency			
			13. AR Collection Efficiency			
5 3	Enhance accuracy		14. Resolution of multiple and identical TINS			
	P Registration		Assolution of maniple and identical into			
	abase					
6.	Improve	Will not be measured yet				
	knowledge	for 2006.				
	management					
7.	Improve integrity,	5%				
	professionalism,	- 1-	15. HR Report Compliance			
	competence and					
	satisfaction of HR					
	Detionalisations	14/11				
8.	Rationalize budget	Will not be measured yet for 2006.				
		101 2000.				

Formulas reflect how each measure is operationally defined for the current year. The meaning of each measure is embedded in the formula shown in the Chapter on Measures Dictionary.

Measure weights have also been assigned across the performance measures. These reflect the relative importance of the measure vis-a-vis the attainment of the objective. For 2006, the weight assignment across objectives and measures are shown in Table 3.4. Note that the total weight assignment across measures per objective should sum up to 100%.

Table 3.4 : Weight assignment across measures per objective

OBJECTIVE	OBJECTIVE WEIGHT	MEASURE	Measure Weight
Exceed collection targets	60%	Collection Performance	75%
		2. Collection growth	25%
			100%
Improve Taxpayer Compliance	10%	3. Stop filer Index (cases closed)	30%
		4. Audit effort ratio	70%
			100%
4. Increase Taxpayer base	5%	5. % increase in TP base	35%
		6. Tax Mapping Efficiency	25%
		Tax mapping Effectiveness for corporate and individual TPs engaged in business	15%
		8. Compliance of new registrant-filers	25%
			100%
5. Improve processes	20%	Enforcement Processes	
		9. Quality of Audit Report	50%
		Collection Processes	
		10. Resolution of dishonored checks	10%
		11. AR Collection Effort	10%
		12. AR Processing Efficiency	10%
		13. AR Collection Efficiency	10%
		Accuracy of Registration Processes	
		14. Resolution of multiple and identical TINS	10%
			100%
7. Improve integrity, professionalism, competence and satisfaction of HR	5%	15. HR Report Compliance	100%
	100%		

The measure under Objective 7, HR Report Compliance is still a **proxy measure**. It is called such because if does not reflect yet performance along the objective. This means that mere compliance with submission of reports does not mean there is an improvement in the level of integrity, professionalism, competence or satisfaction of our human resource. In the future, possible improvements in this metric could focus more on changes in competence level as a result of a development intervention or level of integrity and professionalism of the workforce as a result of a systems change.

Where do we access all these measures?

All these measures are currently being tracked manually or electronically at the National or Regional level. The data are captured in forms, reports or templates by the RDOs and are consolidated or analyzed at the Regional and National level. These are reflected in the Measure Dictionary in Chapter 5.

Will these measures remain constant across time?

The measures hopefully will change as we continuously become more sensitive to the nuances of our performance data. This is the first time we are rating our Offices across a more balanced set of metrics. We anticipate to include measures along TP Satisfaction, Knowledge Management and Employee satisfaction/ level of competence and integrity in the years to come.



Table 3.4 shows the possible list of measures for 2007 culled from the iterative meetings with the MANCOM, Operations and Technical Working Groups and representative Revenue Regional Heads and Revenue District Officers. MANCOM will have to decide at some point whether these measures will actually be included for 2007.

Table 3.4: Additional/ new measures for 2007

Objective	Proposed additional measures for 2007		
1 Evened collection torques			
Exceed collection targets. Improve taxpayer satisfaction.			
Improve taxpayer compliance.	VAT compliance Stopfiler Index (cases created) Percentage Tax Compliance		
4. Increase taxpayer base.			
5. Improve processes 5.1: Improve Collection Processes	 4. 2. Disposal of forfeited properties 1 5. Disposal of forfeited properties 2 6. Consolidation of forfeited properties 		
5.2: Improve Enforcement Processes	7. Quality of audit report (variance in assessment) 8. ONETT efficiency 9. LA/TVN Efficiency 10. LN Efficiency 11. Action on protested cases 12. Audit reports submitted within prescribed time 13. Returned cases submitted on time 14. Audit review effectiveness 15. ONETT payment		
5.3: Enhance accuracy of TP Registration Database	 16. Validation of corporate filers 17. Capture of TPs of non-computerized RDOs in ITS 18. Resolution of suspended TPs 19. Effectiveness of actions taken on unregistered TPs 1 20. Effectiveness of actions taken on unregistered TPs 2 21. Validation of Non-corporate Filers 22. Validation of individual filers 23. Effectiveness of actions taken on unregistered TPs 24. Resolution of CBR and RPS TP records 		
Improve knowledge management	 25. Benchmarks established 26. Compliance rate as a result of benchmarking 27. Collection as a result of benchmarking 28. Submission of Updated RDO Profile, Monthly performance analysis report 		
7. Improve integrity, professionalism, competence and satisfaction of HR	29. Implementation of Section 17, Tax Code30. Compliance with Required Training31. Ratio (items allocated vs. TPs)		
8. Rationalize budget	32. Cost to collect		

How come only the performance of the Regional and Revenue District Offices are measured?

This is true for now. However in time, performance measures need to be integrated in two directions: vertically and horizontally.

Vertical integration of performance measures

This means the performance measures will have to be cascaded at the Division, Section and eventually individual levels of the BIR. This was done at the Large Taxpayer Service in 2005. For now, the measures we have at the RR and RDO levels are what we call <u>strategic measures</u>. These will be translated into <u>operational measures</u> at the division and section levels and into <u>individual measures</u> at the individual level.

Horizontal integration of performance measures

Horizontal alignment of performance measures assures the optimization of work flow across all processes and organizational boundaries. It will now look at how the different functional units within the BIR such as the Legal, Information and Resource Management Groups contribute to the operational requirements of the Operations Group.

An example of the concept of horizontal alignment of performance measures is the cycle time in the conduct of audit. We will have to see how the other functional units, such as Legal, Information Service or Resource Management Groups should be measured vis a vis the successful completion of an audit report.

The horizontal integration of performance measures will be the focus of the next wave of the PMS Project which will take place from August to February of 2007.

Once the performance measures have been identified, the next column in the performance contract introduces us to the concept of targets and their corresponding rating schemes.

Target describes the expected level of performance required for each



measure. It will be the standard to which actual performance or accomplishment will be compared to determine performance ratings.

The targets for 2006 were established through a series of meetings and consultations with the groups and individuals who are knowledgeable about regional and district operations. These are

the OG Core Group, Technical Working Group and selected RDOs.

The outputs of the discussions with these groups were reviewed and approved by the MANCOM.

Table 3.5: Examples of target

Measures/ KPI	Formula	Target
Collection performance	Actual collection Assigned goal	100% (of assigned target)
Increase in TP base	Number of new business registrants Total business taxpayers	3%

Rating schemes define the standards for rating actual performance. These standards are set at the beginning of the performance period so offices will know how their performance will be rated at the end of the year.

The rating scale adopted is a five-point scale, where "5" is the highest and "1" is the lowest. Standards for rating each measure are indicated in the **Measure Dictionary**. Some examples are shown below.



Table 3.6: Rating scheme for Collection Performance

Measure/	/ KPI	Formul	Target	
Collection Performa	ince	Actual coll Assigned	100% (of assigned target)	
		Rating Scheme		
1	2	3	4	5
Less than 92.5%	92.5% - 96.25%	96.26% - 99.99%	100% - 107.49%	107.5% and above

Table 3.7: Rating Scheme for Returns Compliance

Measure/ KPI		Formula		Target		
Increase in TP base		Number of new business registrants Total business taxpayers		3%		
	Rating Scheme					
1	2	3	4	5		
1% or less	2%	3%	4%	5% or more		

Performance Contract at the Evaluation Stage

This section describes the outputs of the evaluation stage focusing on columns 7-10.

The table below shows part of a sample Performance Contract at the Evaluation Stage as generated by the PMIS.

Table 3.8 Performance Contract at the Evaluation Stage

OBJECTIVE (1)	OBJECTIVE WEIGHT (2)	MEASURE (3)	FORMULA (4)	MEASURE WEIGHT (5)	TARGET (6)	ACTUAL VALUES (7)	ACTUAL (%) (8)	MEASURE RATING (9)	OBJECTIVE RATING (10)	
Exceed Tax Collection	60 %								4	
		Collection	Collection this year	25 %	100 %	128000750	119.07 %	5		
		Growth	Collection last year	ection	100 /0	107500000				
		Collection	Actual collection	75.0/	400.0/	94750000	00 44 0/	2		
		Performance	Assigned goal	75 %	100 %	100 % 98250	98250000	96.44 %	3	

Actual value in Column 7 captures the raw performance data as stated in the formula of the measure. For example, Collection growth as a measure has the following formula: Collection this year/ Collection last year. The actual collection growth of a sample RDO may be P128,000,750/107,500,000.

Actual percentage (%) in

Column 8 captures the computed actual performance value. For example, given that the actual value for collection growth is P128,000,750/107,500,000, the actual percentage is 119.07%.

Measure rating in Column 9 is the transmuted actual % based on a rating scheme. Each measure has a rating scheme (subsumed in the Measure Dictionary for 2006, Chapter 5).

For example the rating scheme for collection growth is shown below: Based on this rating scheme, the rating of the RDO is 5.

Table 3.9: Rating scheme for Collection Growth

Torget for the measure	Rating Scheme					
Target for the measure	1	2	3	4	5	
100% of last year's collection	100% or less	101%- 105.99%	106%-110%	111%-115%	116% or more	

Another measure rating is collection performance. An actual % of 96.44 is converted into 3 based on another rating scheme as shown below:

Table 3.10: Rating scheme for Collection Performance

Torget for the measure	Rating Scheme				
Target for the measure	1	2	3	4	5
100% of assigned goal	Less than 92.5%	92.5%- 96.25%	96.26% - 99.99%	100%- 107.49%	107.5% and above

Objective rating – is the summary rating of the objective. It is derived by summing up the product of the measure rating and its corresponding measure weight.

Example:

Collection growth is 5 (measure rating) x .5 (measure weight) = 2.5

Collection performance is 3 (measure rating) x .5 (measure weight) = 1.5

Objective rating is 2.5 + 1.5 = 4

Overall rating- is the summary rating of the Office. It is derived by summing up the product of the objective rating and its corresponding objective weight. This is automatically generated by the PMIS and is shown on the upper information of the first page of the Performance Contract at the evaluation stage. An example of how this is done is shown on the next page.

REPUBLIKA PERFORMANCE CONTRACT: EVALUATION

NG PILIPINAS Kagawaran ng Pananalapi Kagawaran ng Rentas Internas Lungsod ng Quezon

Office: RDO	OVERALL RATING: 3.92
Date: July 7, 2006	Collection goal this year: 32750000
Performance Period: Y06S01	Collection goal last year: 26925000

Table 3.11: Sample computation for an Office Overall Rating

OBJECTIVE	OBJECTIVE WEIGHT	OBJECTIVE RATING	Objective weight X Objective rating
Exceed Tax Collection	60%	4	2.4
Improve Taxpayer Compliance	10%	4.1	0.41
Improve Taxpayer Base	5%	3.5	0.175
Improve Processes	20%	3.7	0.74
Improve Integrity, Professionalism, Competence and Satisfaction of Human Resources	5%	4	0.2
Total			3.92

Why measure performance?

It is important that we measure performance in the most objective and transparent way because the overall rating in the Office Performance Evaluation Report is a basis for deploying rewards. Aside from this, the other equally important reasons for measuring performance are:

- The whole process provides a structured approach for focusing on the strategic initiatives of the BIR. IT compels us to think on what needs to be accomplished and focus our time, resources and energy in the achievement of these objectives.
- What we measure is what we get! Experience demonstrates that if we measure quality, we get quality.
- Performance data is a basis for continuous improvement, for enhancing our areas of strength and addressing our areas for improvement.

Performance Measures for RRs and RDOs

This chapter provides the details of the measures included in the Performance Contracts. It includes the formula, sources of data, measure owner, target and rating scheme for each measure.

Chapter 5: The Measure Dictionary

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Measure/ KPI	1. Collection Performance
Contributes to Objective	Exceed Tax Collection

Formula	Remarks	Data Source
	Proposal: actual collection to be based on the average of BTR report and 1209 report.	Bureau of Treasury Report, in accordance with Attrition Act
	Based on Attrition Law and IRR: • For reward purposes:	1209 report
	Actual collection = Actual cash collection only (goal will exclude TRA & SARO)	Measure Owner
Actual collection	(goal will exclude IKA & SAKO)	Collection Service
Assigned goal	However, issue will be raised to DOF that the inclusion of TRA and SARO in actual collection would be more appropriate	
	 For attrition purposes: Actual collection = Actual cash collection + TRA + SARO + TCC 	

Torget for the measure	Rating Scheme				
Target for the measure	1	2	3	4	5
100% of assigned goal	Less than 92.5%	92.5%-96.25%	96.26% - 99.99%	100%-107.49%	107.5% and above

	Revenue Regions	Revenue District Offices
This measure applies to these offices	\checkmark	√

Measure/ KPI	2. Collection Growth
Contributes to Objective	Exceed Tax Collection

Formula	Remarks	Data Source
Collection this year	Actual cash collection + TRA + SARO + TCC (for attrition purposes)	Bureau of Treasury Report, in accordance with Attrition Act
Collection last year		Measure Owner
		Collection Service

Torget for the measure			Rating Scheme		
Target for the measure	1	2	3	4	5
106% of last year's collection	100% or less	101% -105.99%	106% -110.99%	111% -115.99%	116% or more

	Revenue Regions	Revenue District Offices
This measure applies to these offices	\checkmark	√

Measure/ KPI	3. Stopfiler Index (cases closed)
Contributes to Objective	Improve taxpayer compliance

Formula	Remarks	Data Source
For computerized Number of stop filer cases closed	 For this measure, consider only: For computerized RDOs: top 1,500 TPs For non-computerized RDOs: top 200 TPs 	RDO records required to be submitted to Collection Service For computerized – ITS
Number of cases created For non computerized: Number of stopfiler cases closed		For non-computerized – a new report will be required
Total number of identified stopfiler cases		Measure Owner Collection Service

Torget for the measure	Rating Scheme				
Target for the measure	1	2	3	4	5
70% and above	Less than 60%	60%-69.99%	70%-80.99%	81%-90.99%	91%-100%

	Revenue Regions	Revenue District Offices
This measure applies to these offices	\checkmark	✓

Measure/ KPI	4. Audit effort ratio
Contributes to Objective	Improve taxpayer compliance

Formula	Remarks	Data Source
Total collection from audit of reported casesCollection goal from audit	 Reported cases Letters of Authority, Letters of Notices, Tax Verification Notices and Mission Orders used for stocktaking and surveillance This pertains to all taxpayers issued LAs, LNs, TVNs and Mission Orders for stocktaking and surveillance, not only the top 1500 taxpayers. Collection goal from audit A % of the collection goal assigned by the MANCOM as collection goal from audit initiatives. Collection goal net of voluntary compliance collections from large taxpayers, ONETT, TRA, GOCC, LGUs, NGAs, SARO and withholding on compensation. 	LAMS, LNMS and other data sources, e.g., monthly report of reported cases

Torget for the measure	Rating Scheme				
Target for the measure	1	2	3	4	5
3% of adjusted collection goal from audit	1%	2%	3%	4%	5%

	Revenue Regions	Revenue District Offices
This measure applies to these offices	\checkmark	\checkmark

Measure/ KPI	5. Increase in TP Base
Contributes to Objective	Improve taxpayer base

Formula	Remarks	Data Source
Number of new business registrants Total business taxpayers	New business registrants Newly registered business taxpayers; Business taxpayers are individuals engaged in business and corporate taxpayers excluding compensation employees Total business taxpayers All those in the Integrated Tax System except those with ceased and cancelled operations or taxpayers who have not been filing for a year or more. Note: this is a policy decision which requires an issuance	RMO 9-2006 Annexes H, I, J, K, L and M Data Source is TAS report 007 pursuant to RMO 11-2004 Submission of Revised Registration Reports and RMO 44-2003 Submission of Reports via email Measure Owner Taxpayer Assistance Service

Torget for the measure	Rating Scheme				
Target for the measure	1	2	3	4	5
3% and above	1% or less	2%	3%	4%	5% or more

	Revenue Regions	Revenue District Offices
This measure applies to these offices	\checkmark	√

Measure/ KPI	6. Tax Mapping Efficiency
Contributes to Objective	Improve taxpayer base

Formula	Remarks	Data Source
Actual number of taxpayers visited based on tax mapping	Number of Taxpayers targeted to be visited Target is recommended by TAS; approved by MANCOM	RMO 9-2006 Annexes H, I, J, K, L and M
Number of Taxpayers targeted to be visited		Measure Owner
		Taxpayer Assistance Service

Torget for the measure	Rating Scheme				
Target for the measure	1	2	3	4	5
80% and above	60% and below	61%-79%	80%-85%	86%-90%	91%-100%

	Revenue Regions	Revenue District Offices
This measure applies to these offices	\checkmark	\checkmark

Measure/ KPI	7. Tax Mapping Effectiveness for Business Taxpayers
Contributes to Objective	Improve taxpayer base

Formula	Remarks	Data Source
Number of new business taxpayer registrants based on tax mapping Number of unregistered tax mapped business taxpayers	Business taxpayers Individual taxpayers engaged in business and corporate taxpayers excluding compensation employees New business taxpayer registrants Newly registered business taxpayers; Unregistered tax mapped taxpayers Business taxpayers who were unregistered during tax mapping operations;	RMO 9-2006 Prescribing the Guidelines and procedures in the Conduct of Tax Compliance Verification Drive (TCVD) Annexes H, I, J, K, L and M Measure Owner Taxpayer Assistance Service
	The list is captured Mobile Revenue Officers System as a result of conduct of tax mapping operations.	

Torget for the measure	Rating Scheme				
Target for the measure	1	2	3	4	5
40% and above	19% and below	20%-39%	40%-60%	61-80%	81%-100%

	Revenue Regions	Revenue District Offices
This measure applies to these offices	√	√

Measure/ KPI	8. Compliance of new registrant-filers
Contributes to Objective	Improve taxpayer base

Formula	Remarks	Data Source
Number of new registrant-filers	New business registrant-filers These are taxpayers that are filing applicable tax returns after being duly registered in our Reg. Data Base	RMO 9-2006 Annexes H, I, J, K, L and M
Number of new registrants		Measure Owner
		Taxpayer Assistance Service

Target for the measure	Rating Scheme				
Target for the measure	1	2	3	4	5
70% and above	50% and below	51%-69%	70%-79%	80%-89%	90%-100%

	Revenue Regions	Revenue District Offices
This measure applies to these offices	\checkmark	√

Measure/ KPI	9. Quality of Audit Report
Contributes to Objective	Improve enforcement processes

Formula	Remarks	Data Source
Number of cases returned by the AD	Assessment cases -LA, LN, TVN cases -Paid cases as a result of investigation or recommended cases for closing	Memo report and Audit report 0500 Series AD monthly report LAMS (enhanced)
Number of cases put into review by AD		Measure Owner
Number of cases put into review by AD	Cases returned because of lack of legal and factual bases, non compliance of audit procedures, lacking in reportorial requirements, mathematical inaccuracies, possible additional or reduction in assessment.	Assessment Service

Torget for the measure	Rating Scheme				
Target for the measure	1	2	3	4	5
10% and below	16%-20% or more returned	11%-15% returned	6%-10% returned	1%-5% returned	0% returned

	Revenue Regions	Revenue District Offices
This measure applies to these offices	✓	√

Measure/ KPI	10. Resolution of dishonored checks	
Contributes to Objective	Improve processes (Improve enforcement processes)	

Formula	Remarks	Data Source
Number of dishonored checks collected	Dishonored check Checks used as payment of taxes but without funds when presented to the bank.	Collection report
Number of dishonored checks		Measure Owner
		Collection Service

Torget for the maggire	Rating Scheme				
Target for the measure	1	2	3	4	5
70% and above	Less than 65%	65% - 69.99%	70% - 74.99%	75% - 79.99%	80% or more

	Revenue Regions	Revenue District Offices
This measure applies to these offices	\checkmark	√

Measure/ KPI	11. AR Collection Effort	
Contributes to Objective	Improve processes (Improve enforcement processes)	

Formula	Remarks	Data Source
Collection from Accounts Receivables	Accounts Receivables Also known as Delinquent Accounts; an account is considered delinquent if a taxpayer does not respond within 30 days	Monthly Collection report
Total number of Accounts Receivables handled	after a final assessment notice is given	Measure Owner
Harraica		Collection Service

Torget for the maggire	Rating Scheme				
Target for the measure	1	2	3	4	5
4.5% and above	Less than 4%	4% - 4.49%	4.5% - 4.99%	5% - 5.49%	5.5% or more

	Revenue Regions	Revenue District Offices
This measure applies to these offices	\checkmark	√

Measure/ KPI	12. AR Processing Efficiency	
Contributes to Objective	Improve processes (Improve enforcement processes)	

Formula	Remarks	Data Source
Number of warrants issued and executed	Accounts receivables - These are delinquent cases regardless of amount AR cases handled - only those that are	Monthly Collection report
Number of AR cases handled	subject to the issuance of summary remedies	Measure Owner
		Collection Service

Torget for the mageure	Rating Scheme				
Target for the measure	1	2	3	4	5
75% and above	65% or less	70% - 74.99%	75% - 79.99%	80% - 84.99	85% and above

	Revenue Regions	Revenue District Offices
This measure applies to these offices	\checkmark	√

Measure/ KPI	13. AR Collection Efficiency	
Contributes to Objective	Improve processes (Improve enforcement processes)	

Formula	Remarks	Data Source
		Monthly Collection Report
Number of AR cases closed/collected		
Number of AR cases acted upon assigned		Measure Owner
		Collection Service

Torget for the maggire	Rating Scheme				
Target for the measure	1	2	3	4	5
17.5% and above	10% or less	15%-17.49%	17.5%-19.99%	20%-24.99%	25% and above

	Revenue Regions	Revenue District Offices
This measure applies to these offices	\checkmark	√

Measure/ KPI	14. Resolution of multiple and identical TINS	
Contributes to Objective	Enhance accuracy of TP Registration Database	

Formula	Remarks	Data Source
Number of resolved multiple and identical TINSTotal number of multiple and identical TINS	Resolved Multiple and Identical TINs Refers to TIN retained by Taxpayer after analysis/clean up Multiple TINs Refers to TINs used by the same payer Identical TINS Refers to the same TIN used by 2 or more taxpayers	RMO 11-2000 Prescribing the Policies and Procedures in the Resolution of Multiple and Identical TIN belonging to the same RDO. And RMO 14-2003 Prescribing Policies and Procedures in the Implementation of Taxpayer Account Management for Non Computerized RDOs (TAMP-NC) Measure Owner Tax Assistance Service

Torget for the measure		Rating Scheme						
Target for the measure	1	2	3	4	5			
80% and above	50%-64%	65%-79%	80%-85%	86%-90%	91%-100%			

	Revenue Regions	Revenue District Offices
This measure applies to these offices	√	√

Measure/ KPI	15. HR Report Compliance
Contributes to Objective	Improve integrity, professionalism, competence & satisfaction of human resources

Formula					Rem	arks							Data Source
	 PMS Report (Semestral on or before July 15 or January 15: Deadline for RR); Deadline for RDO to RR: On or before July 10 or January 10 Summary report on Attendance (Monthly on or before the 15th of the month: Deadline for RR); Deadline for RDO to RR: On or before the 10th of the month Current Personnel Strength (monthly on or before the 10th of the month: Deadline for RDO to RDO t								Current Personnel Strength Summary Report on Attendance Performance Management System Measure Owner Human Resource Development				
	Fuerente, reces		مالة ماما										Service
Weighted number of reports submitted on time	Example: report Report 1	2 3	T T	ie 6	7	8	9	10	11	12	Score	Weight	
	SRA ✓	√ √		✓		√		✓	✓	✓	8	30%	
	CPS ✓	✓ ✓	,	/ /				√	✓	√	8	20%	
	PMS			√							1	50%	
	(SRA Score x 3 Submission of PN on July 26, 2006,	(8/12 x 3 <mark>//S is alwa</mark> :	30%) + (8 <mark>ys late (ι</mark>	/12 x 2 <mark>ip to or</mark>	` !0%) + <mark>ne yea</mark>	(1/2 x <mark>ar del</mark>	: 50%) ayed]	= 58 ^t). Not	% , ra te:	ting o <mark>At the</mark>	f 3 <mark>ManCor</mark>		

Target for the measure			Rating Scheme		
Target for the measure	1	2	3	4	5
40% and above	0%-10%	11%-39%	40%-59%	60%-89%	90%-100%

	Revenue Regions	Revenue District Offices
This measure applies to these offices	√	✓

The Performance Contract

This chapter provides a snapshot of performance templates at the RR and RDO levels.

Chapter 6: Office Templates for RRs and RDOs

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Description

This chapter provides a snapshot of office templates at the Revenue Region and Revenue District Office level.

Definitions

Office template – A standard format and content of the performance contracts that apply to offices with similar functions.

Performance Period – pertains to the rating period of the Office template.

Formula - reflects how each measure is operationally defined for the current year.

Measure- is an indicator of office performance. These translate the objective statements in the Strategy Map into more specific and quantifiable terms. The measure may be described in terms of quantity, quality, efficiency or timeliness.

Measure weight- reflects the level of importance of the measure in the attainment of the objective. Each measure is assigned a weight or number. The total weight across a set of measures for each objective should total 100%. The measure weight mirrors the operational focus or priority of the BIR for the current year.

Objective rating- is the summation of the measure rating.

Objective- The objectives are culled from the BIR Strategy Map. It is a 'verb noun' statement describing what an organization must do well in order to effectively implement its strategy and attain its mandate.

Objective weight- is a number assigned to the weight reflecting the level of importance of the objective in the attainment of the overall mandate of the BIR. It mirrors the strategic focus or priority of the BIR for the current year.

Perspective- is a grouping of objectives and metrics within a scorecard. The perspectives of BIR are in the following areas: financial, taxpayer, process improvement and organizational learning & growth.

Target describes the expected level of performance required for each measure. It will be the standard to which actual performance or accomplishment will be compared to determine performance ratings.

Contents of the Office Templates

Office templates contain the following information:

- Objectives
- Objective weights
- Measures and formulas
- Measure weights
- Targets

These concepts have been discussed in Chapter 4.

Difference in the Office Templates between Regional and Revenue District Offices

There is no difference in the Office Templates between the Regional and Revenue District Office Templates for 2006.

REPUBLIKA NG PILIPINAS Kagawaran ng Pananalapi Kagawaran ng Rentas Internas Lungsod ng Quezon

OFFICE TEMPLATE

Template Name: Revenue Region (same template for Revenue District Office)

Date: July 7, 2006

Performance Period: Y06S01

OBJECTIVE	OBJECTIVE WEIGHT	MEASURE	FORMULA	MEASURE WEIGHT	TARGET
Exceed Tax Collection	60 %				
		Callection Crowth	Collection this year	05.0/	400.0/
		Collection Growth	Collection last year	25 %	100 %
		Collection Performance	Actual collection	75 %	106 %
		Collection Fenomiance	Assigned goal	15 %	100 /6
			Measure Total:	100 %	
Improve Taxpayer Compliance	10 %				
		Stopfiler Index (cases closed)	Number of stop filer cases closed	30 %	70 %
		Stophier Index (cases closed)	Number of cases created	30 %	70 %
		Audit effort ratio	Total collection from audit of reported cases	70 %	3 %
		Addit enort fallo	Collection goal from audit	70 78	J /0
			Measure Total:	100 %	
Improve Taxpayer Base	5 %				
		Increase in TP Base	Number of new business regitrants	35 %	3 %
		increase in 11 base	Total business taxpayers	33 76	3 /6
		Tax Mapping Efficiency	Actual Number of taxpayers visited based on tax mapping	25 %	80 %
		Tax Mapping Eniciency	Number of Taxpayers targeted to be visited	25 /6	00 76
		Tax Mapping Effectiveness for Business Taxpayers	Number of new business taxpayer registrants based on tax mapping	15 %	40 %
		Dusiness Taxpayers	Number of unregistered tax mapped business taxpayers		
		Compliance of new registrant-filers	Number of new registrant-filers	25 %	70 %
		Compliance of new registratit-filers	Number of new registrants	25 /0	10 /0
			Measure Total:	100 %	

REPUBLIKA NG PILIPINAS Kagawaran ng Pananalapi Kagawaran ng Rentas Internas Lungsod ng Quezon

OFFICE TEMPLATE

Template Name: Revenue Region (same template for Revenue District Office)	
Date : July 7, 2006	

Performance Period: Y06S01

OBJECTIVE	OBJECTIVE WEIGHT	MEASURE	FORMULA	MEASURE WEIGHT	TARGET
Improve Processes	20 %				
		Overlike of available and	Number of cases returned by the AD	50.0/	00.0/
		Quality of audit report	Number of cases put into review by AD	50 %	80 %
		Resolution of dishonored checks	Number of dishonored checks collected	10 %	0 %
		Resolution of dishonored checks	Number of dishonored checks	10 %	0 %
		AR Collection Effort	Collection from AR	10 %	5 %
		AR Collection Ellort	Total AR handled	10 %	5 %
		AR Collection Efficiency	Number of AR cases closed/collected	10 %	20 %
		AR Collection Efficiency	Number of AR cases acted upon assigned	10 /8	20 /6
		AR Processing Efficiency	Number of warrants issued and persued	10 %	80 %
		Art Frocessing Entoleticy	Number of AR cases handled	10 70	00 70
		Resolution of multiple and identical	Number of resolved multiple and identical TINS	10 %	80 %
		TINS	Total number of multiple and identical TINS	10 70	00 70
			Measure Total:	100 %	
Improve Integrity, Professionalism, Competence and Satisfaction of Human Resources	5 %				
		HR Report Compliance	Weighted number of reports submitted on time	100 %	40 %
			Measure Total:	100 %	
Objective Total:	100 %				

Performance Management Information System

This chapter provides an overview of the Performance Management Information System. It explains how to go through the system from setting up offices and office categories to target setting, evaluation and generating the office performance contracts for the RRs and RDOs.

Chapter 7: The Performance Management Information System

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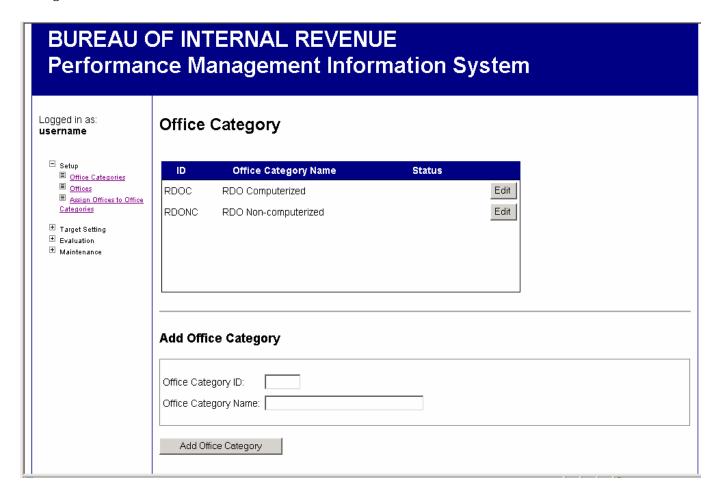
BIR-OG/EMERGE

Setup

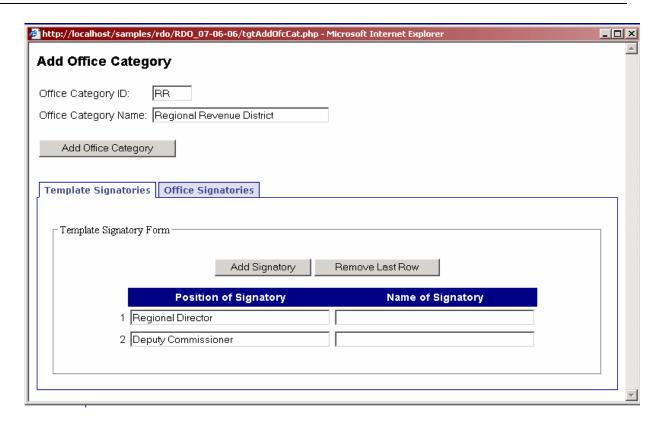
The setup stage allows users to prepare the structure of the various offices and office categories before targets and performance data is entered into the system. This stage enables offices to be classified under the appropriate office categories and subsequently, office category templates.

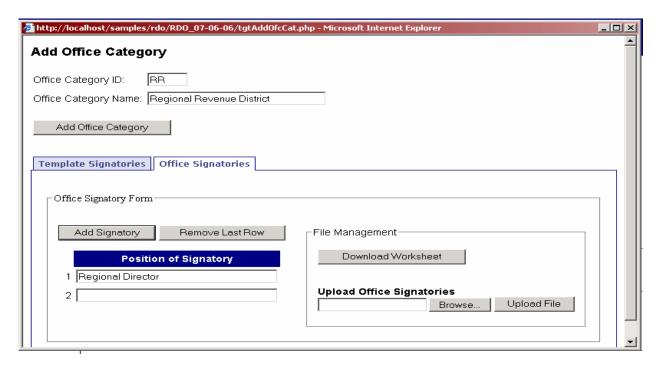
Office Categories

The office categories option allows users to create new office categories and edit existing categories.

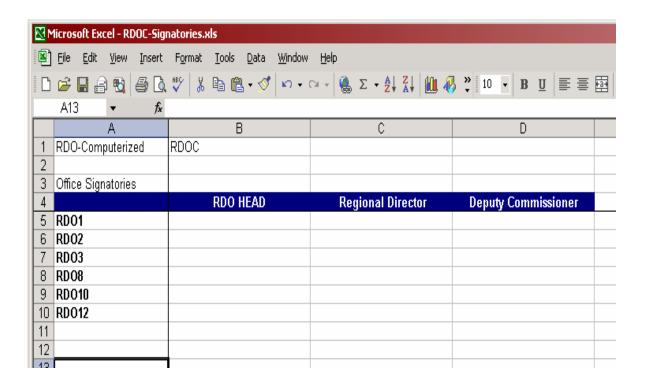


Creation of office categories include encoding the office category name, positions of signatories authorized to approve the office category template, the names of the respective individuals who hold these positions, and positions of the assigned signatories of the respective offices. The following screenshots illustrate the system's input facility for both template signatories and office signatories..



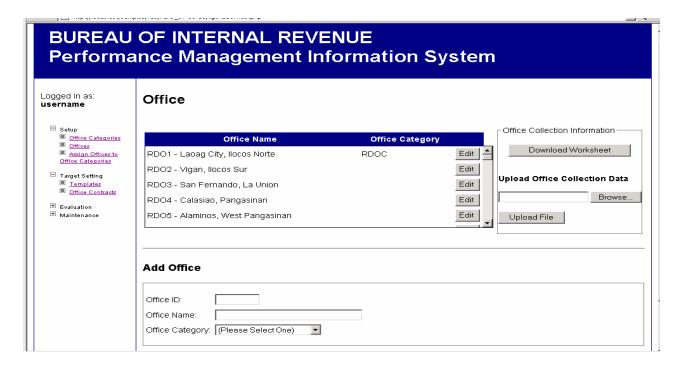


The names of the individual office signatories will be completed though an Excel worksheet that will be available for download once the setup of an office category is completed. The worksheet contains a listing of all the offices under a given office category and provides blank spaces where encoders may fill-in the names of the authorized signatories based on the positions entered in the system. Once the encoding of office signatory names is completed, the worksheet may be uploaded to the system's database.



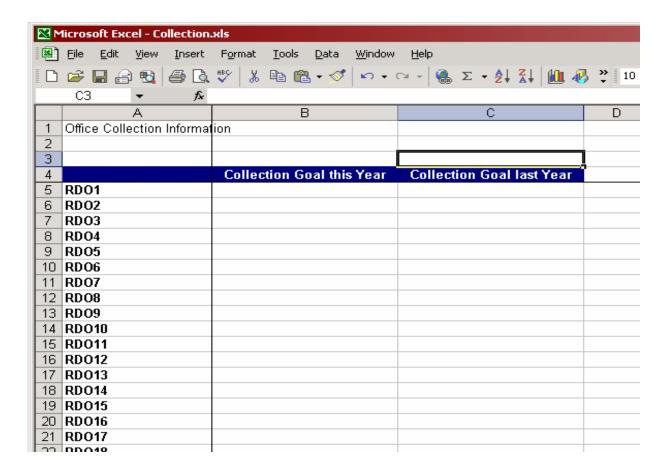
Offices

The office option allows users to create and edit office information as shown below.



Association of offices to their respective office categories may be done during this phase or later on (see Assign Offices to Office Categories below). Using this interface, assignment of offices to their office categories can only be made one at a time, as opposed to the option provided in the following section where multiple offices may be assigned simultaneously.

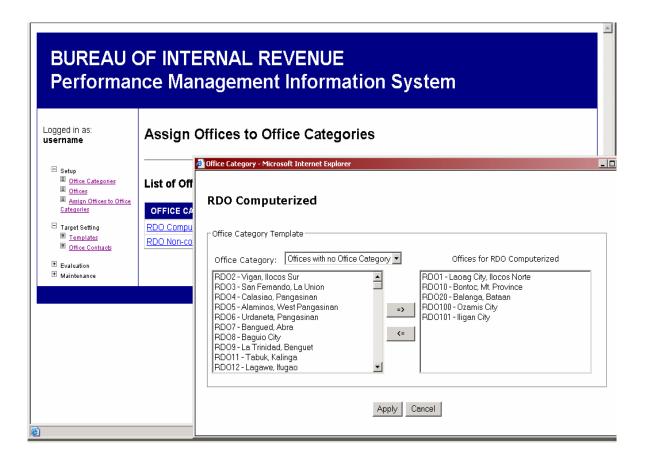
A worksheet similar to the following figure, allows users to encode and upload information regarding collection data for the current and previous years of all offices listed is available.



Assign Offices to Office Categories

The final phase of setup requires that offices be associated with specific office categories. This step allows offices to be able to inherit the office contract structure that will be created during target setting. Since generation of office contracts will be created on the office category level, offices without office categories will not have contracts.

Assigning offices to office categories involves selecting offices from a list and moving these offices to other lists as required. Each list represents all offices that fall under a given office category. The screen shot below illustrates the interface used for this purpose.



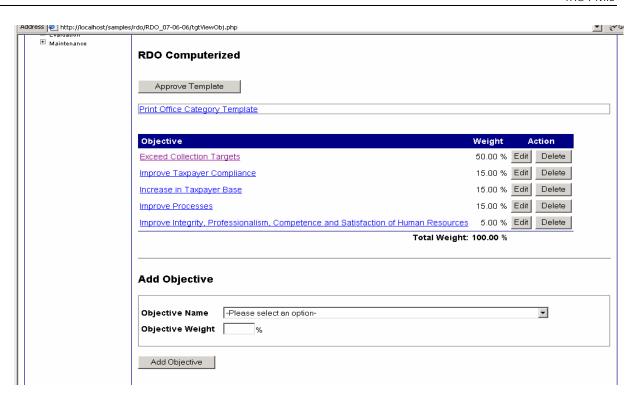
Target Setting

Target setting occurs at the beginning of the evaluation period. In this stage, measures and targets are established, from which, performance contracts are generated.

Templates

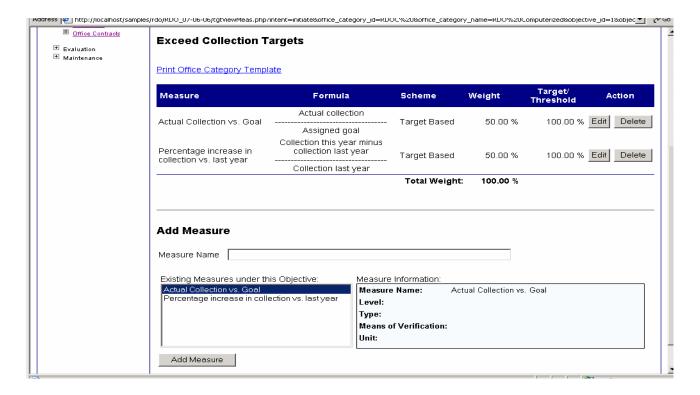
Templates allow users to create standardized contracts that may be used across a number of offices that implement similar strategic objective and measure structures as the basis of their performance evaluation.

The initial steps in creating office category templates include choosing the appropriate office category and specifying the strategic objectives along with the weights of each of these objectives.



Once objectives have been set, measures may be added under each objective.

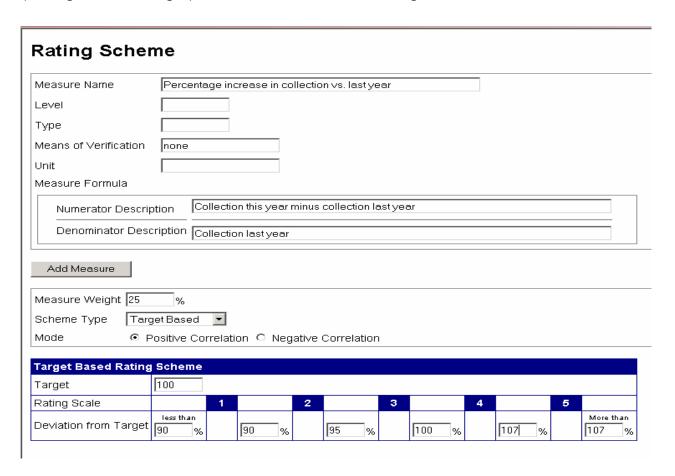
Users have to option to create new measures or use measures that have been created for other existing office category templates as shown in the next figure.



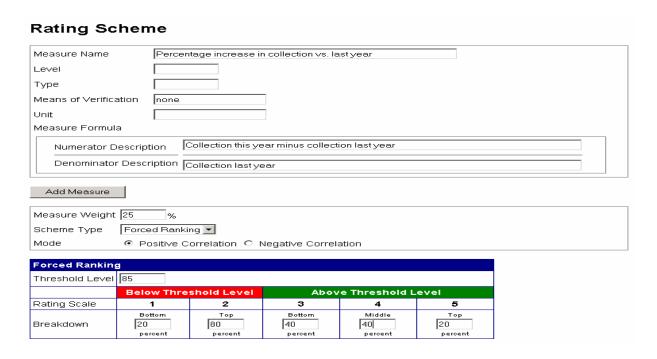
Measures represent the basis of performance rating. In order to calculate ratings for a given measure, various rating schemes are implemented in order to accommodate the different types of performance evaluation.

The two (2) main rating schemes are: target-based and forced ranking.

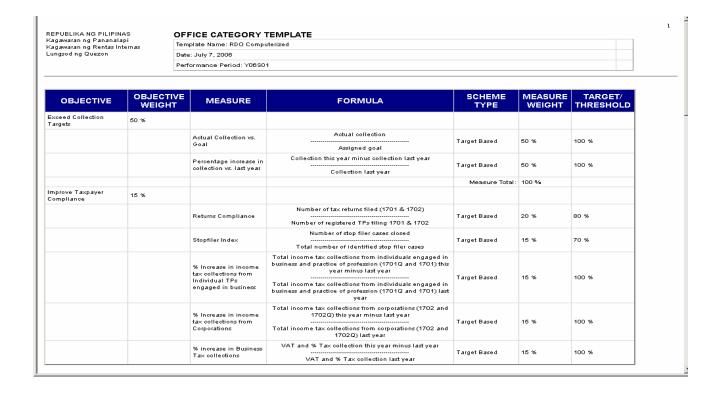
The target-based rating scheme employs a pre-assigned target level which offices are required to attain. Realization of this pre-specified target results in a satisfactory rating, whereas, results above/below will correspond to higher/lower ratings based on deviation from the target. A sample target-based rating input screen is shown in the next diagram.



Forced ranking utilizes a threshold level. Offices above and below the threshold are classified into separate categories. Each threshold level will compare offices whose performance results fall under that level with one another. Ratings will be assigned based on how each office fares in comparison to other offices in the same threshold level based on percentile ranking.

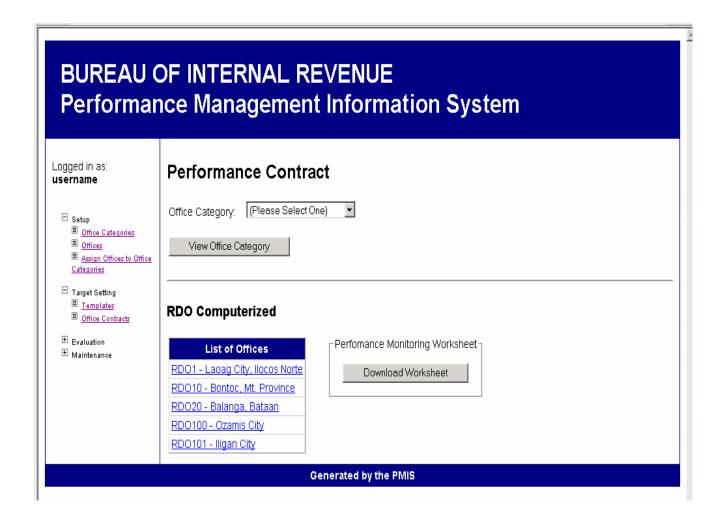


Completed office category templates may be previewed/printed using the link provided in the main page of this section.



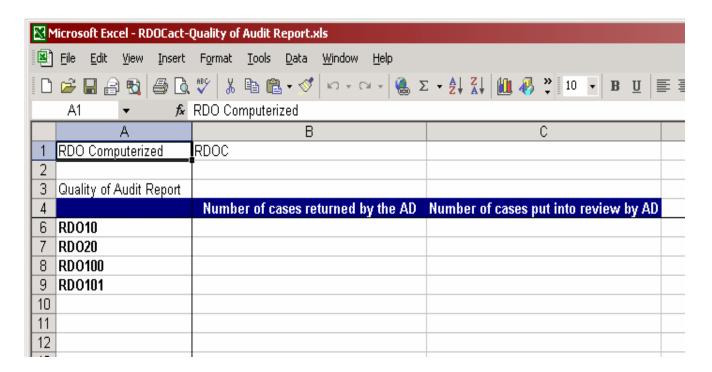
Office Contracts

Office contracts are created once a template for a given office category is approved. By selecting the desired office category, a list of all offices that are associated to the category will be presented. Choosing the appropriate office link allows the user to preview/print the office contract specific to the selected office.



Kagawaran ng Pananalapi Kagawaran ng Rentas Internas Lungsod ng Quezon Date: July 7, 2006 Performance Period: Y06501				n goal this year: 44000000	year: 44000000		
		1 Collection	Collection goal last year: 42500000				
OBJECTIVE	OBJECTI\ WEIGHT		FORMULA	SCHEME TYPE	MEASURE WEIGHT	TARGET/ THRESHOL	
Exceed Collection Targets	50 %						
		Actual Collection vs. Goal	Actual collection	Target Based	50 %	100 %	
		Percentage increase in collection vs. last year	Collection this year minus collection last y Collection last year	year Target Based	50 %	100 %	
				Measure Total:	100 %		
mprove Taxpayer Compliance	15 %						
		Returns Compliance	Number of tax returns filed (1701 & 1702	Target Based	20 %	80 %	
			Number of registered TPs filing 1701 & 17	mber of stop filer cases closed Target Based			
		Stopfiler Index	Number of stop filer cases closed Total number of identified stop filer case			70 %	
		% Increase in income tax collections from Individual TPs engaged in business	Total income tax collections from individuals en business and practice of profession (1701Q and year minus last year Total income tax collections from individuals en business and practice of profession (1701Q and year	1701) this Target Based	15 %	100 %	
		% Increase in income tax collections from	Total income tax collections from corporations (1702Q) this year minus last year	Target Based	15 %	100 %	
		Corporations	Total income tax collections from corporations (1702Q) last year	1702 and			
		% increase in Business	VAT and % Tax collection this year minus la	st year Target Based	15 %	100 %	
		Tax collections	VAT and % Tax collection last year	raiger based	10 %	100 %	
		MAT	Total number of VAT returns filed (2550)	Q) Target Based	10 %	80 %	
		VAT compliance	Total registered VAT TPs (x4)	raiget Based	10 %	00 W	

The download option provides users with performance monitoring worksheets to be used to input actual performance data for all offices under that office category. An individual spreadsheet for each measure will be created.



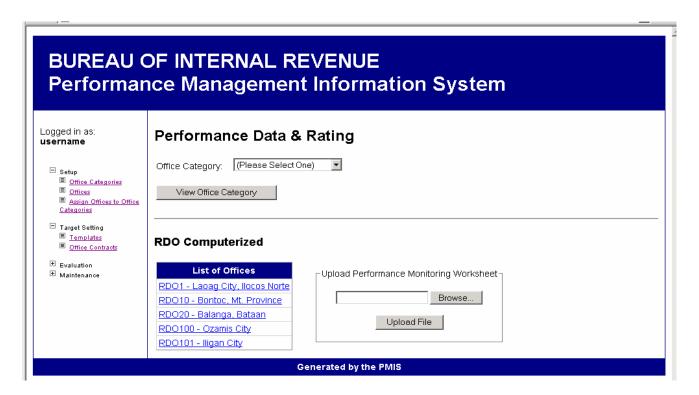
Evaluation

The Evaluation stage makes use of the data structure provided by the templates and contracts created in the previous stage. In evaluation, actual performance data is collected and logged during Trial Rating. And, at the end of the evaluation period, the performance evaluation reports are finalized (see Final Rating). Summary and analysis of the performance data is provided by Management Reports.

Trial Rating

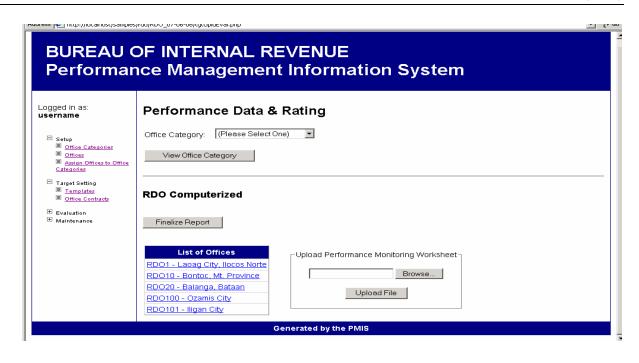
This section allows users to upload actual performance data entered into the performance monitoring worksheets downloaded in the previous stage. Data uploaded will automatically be processed by the system and ratings will be generated by the system.

Once data has been uploaded for a given measure the office ratings for that measure will be reflected in the Trial Rating Report. Trial Rating Reports per office may be accessed by clicking the appropriate office link.



Final Rating

Performance Evaluation Reports are produced once all performance data has been uploaded and the Trial Rating Reports have been approved. By approving the Trial Rating Reports, no further modifications can be made as uploading of performance data will be disabled.



REPUBLIKA NG PILIPINAS
Kagawaran ng Rentas Internas
Lungsod ng Quezon

Performance Period: Y06S01

Performance Policy (1000 Norte)

Performance Period: Y06S01

Performance Policy (1000 Norte)

OVERALL RATING: 2.97

Collection goal this year: 44000000

Collection goal last year: 42500000

OBJECTIVE	OBJECTIVE WEIGHT	MEASURE	FORMULA	MEASURE WEIGHT	TARGET	ACTUAL VALUES	ACTUAL (%)	MEASURE RATING	OBJECTIVE RATING
Exceed Collection Targets	50 %								3
		Actual Collection vs.	Actual collection	50 % 100 %	55000000	110 %	5		
		Goal	Assigned goal	30 W	100 %	50000000	110 %	9	
		Percentage increase in collection vs. last	Collection this year minus collection last year	50 %	100 %	80000000	33.33 %	1	
		year	Collection last year			240000000			
			Measure Total:	100 %					
Improve Taxpayer Compliance	15 %								2.1
			Number of tax returns filed (1701 & 1702)	20 % 80 %	3500	93.33 %	5		
		Returns Compliance	Number of registered TPs filing 1701 & 1702		3750				
		Stopfiler Index	Number of stop filer cases closed Total number of identified stop filer cases	15 %	70 %	850 1120	75.89 %	3	
		% Increase in income tax collections from Individual TPs engaged in business	Total income tax collections from individuals engaged in business and practice of profession (1701Q and 1701) this year minus last year. Total income tax collections from individuals engaged in business and practice of profession (1701Q and 1701) last year	15 %	100 %	400000	2 %	1	
		% Increase in income tax collections from Corporations	Total income tax collections from corporations (1702 and 1702Q) this year minus last year Total income tax collections from corporations (1702 and 1702Q) last year	15 %	100 %	2000000	13.33 %	1	
		% increase in	VAT and % Tax collection this year minus			250000			

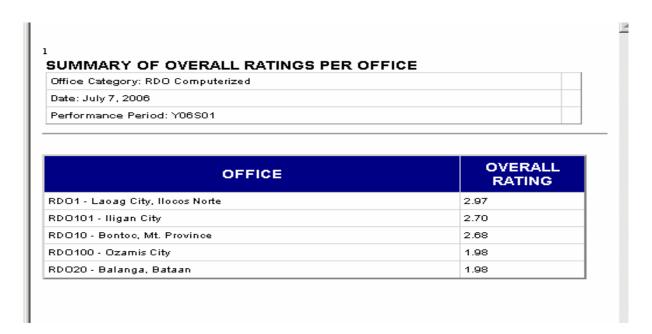
The final Performance Evaluation Report represents the resulting rating achieved by offices based on the performance data uploaded. The final Performance Evaluation Report may be previewed / printed by selecting the desired office link. A sample report is shown in the next figure.

Management Reports

Management reports provide summary and analysis of data processed and collated during the evaluation period.

o Summary Ratings per Office

The report provides a summary of all offices under a given category sorted according their overall office rating from highest to lowest.



o Office Performance per Measure

The report details the actual performance data for a given office under a specific measure.

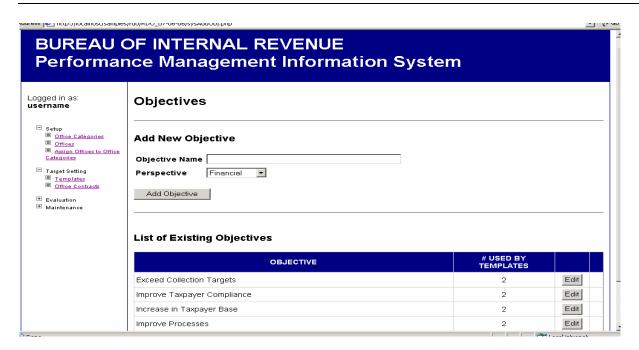
Measure Name: Actual Collection vs. Goal	Measure Formula:	Measure Formula: Actual collection			
Date: July 7, 2006 Performance Period: Y06S01	Assigned goal				
OFFICE	ACTUAL VALUES	ACTUAL (%)			
RDO101 - Iligan City	64000000 52000000	123.08 %			
RDO1 - Laoag City, Ilocos Norte	55000000 50000000	110 %			
RDO10 - Bontoc, Mt. Province	65000000 62500000	104 %			
RDO100 - Ozamis City	75000000 76000000	98.68 %			
RDO20 - Balanga, Bataan	85000000 9100000	93.41 %			

Maintenance

System administration and maintenance is done through the following options: maintain Objectives, maintain Measures, and Backup.

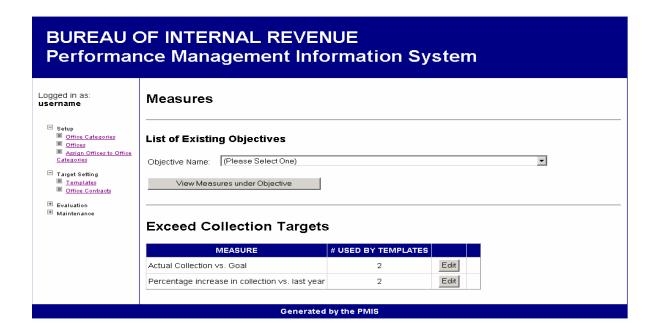
Objectives

System Administrators will be allowed to create new strategic objectives, and edit or delete existing ones. The list of objectives provides information on the number of templates that are currently making use of that particular objective. Only objectives that are currently unused by templates may be deleted.



Measures

Measures may be edited or deleted as required. A list of measures indicating the number of templates using these measures is provided. Only measures that aren't used by any template may be deleted.



Backup

This option allows the system administrator to backup the current data stored on the system's database.

Appendix 1: Systems Design

Data Model

Entity-Relationship Diagram

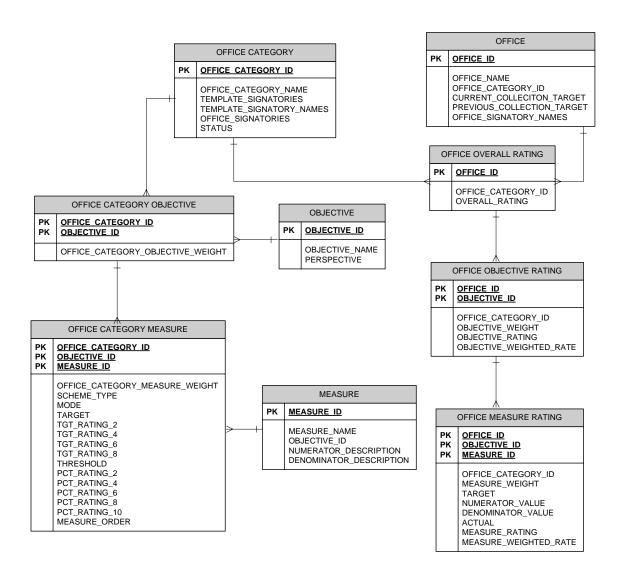


Table Schema

OFFICE_CATEGORY

OFFICE_CATEGORY_ID	CHAR(5)	PRIMARY KEY
OFFICE_CATEGORY_NAME	CHAR(100)	
TEMPLATE_SIGNATORIES	CHAR(255)	
TEMPLATE_SIGNATORY_NAMES	CHAR(255)	
OFFICE_SIGNATORIES	CHAR(255)	
STATUS	CHAR(30)	

OFFICE_CATEGORY_OBJECTIVE

OFFICE_CATEGORY_ID	CHAR(5)	PRIMARY KEY
OBJECTIVE_ID	INT	PRIMARY KEY
OFFICE_CATEGORY_OBJECTIVE_WEIGHT	FLOAT	

OFFICE_CATEGORY_MEASURE

OFFICE_CATEGORY_ID	CHAR(5)	PRIMARY KEY
OBJECTIVE_ID	INT	PRIMARY KEY
MEASURE_ID	INT	PRIMARY KEY
OFFICE_CATEGORY_MEASURE_WEIGHT	FLOAT	
SCHEME_TYPE	CHAR(20)	
MODE	CHAR(15)	
TARGET	FLOAT	
TGT_RATING_2	FLOAT	
TGT_RATING_4	FLOAT	
TGT_RATING_6	FLOAT	
TGT_RATING_8	FLOAT	
THRESHOLD	FLOAT	
PCT_RATING_2	FLOAT	
PCT_RATING_4	FLOAT	
PCT_RATING_6	FLOAT	
PCT_RATING_8	FLOAT	
PCT_RATING_10	FLOAT	
MEASURE_ORDER	INT	

OFFICE

OFFICE_ID	CHAR(10)	PRIMARY KEY
OFFICE_NAME	CHAR(100)	
OFFICE_CATEGORY_ID	CHAR(5)	
CURRENT_COLLECTION_TARGET	CHAR(20)	
PREVIOUS_COLLECTION_TARGET	CHAR(20)	
OFFICE_SIGNATORY_NAMES	CHAR	

OBJECTIVE

OBJECTIVE_ID	INT	PRIMARY KEY
OBJECTIVE_NAME	CHAR(100)	
PERSPECTIVE	CHAR(50)	

MEASURE

MEASURE_ID	INT	PRIMARY KEY
MEASURE_NAME	CHAR(100)	
OBJECTIVE_ID	INT	REFERENCES OBJECTIVE
UNIT	CHAR(15)	
NUMERATOR_DESCRIPTION	CHAR(255)	
DENOMINATOR_DESCRIPTION	CHAR(255)	

OFFICE_OVERALL_RATING

OFFICE_ID	CHAR(10)	PRIMARY KEY
OFFICE_CATEGORY_ID	CHAR(5)	REFERENCES OFFICE_CATEGORY
OVERALL_RATING	FLOAT	

OFFICE_OBJECTIVE_RATING

OFFICE_ID	CHAR(10)	PRIMARY KEY
OBJECTIVE_ID	INT	PRIMARY KEY
OFFICE_CATEGORY_ID	CHAR(5)	REFERENCES OFFICE_CATEGORY
OBJECTIVE_WEIGHT	FLOAT	
OBJECTIVE_RATING	FLOAT	
OBJECTIVE_WEIGHTED_RATE	FLOAT	

OFFICE_MEASURE_RATING

OFFICE_ID	CHAR(10)	PRIMARY KEY
OBJECTIVE_ID	INT	PRIMARY KEY
MEASURE_ID	INT	PRIMARY KEY
OFFICE_CATEGORY_ID	CHAR(5)	REFERENCES OFFICE_CATEGORY
MEASURE_WEIGHT	FLOAT	
TARGET	CHAR(100)	
NUMERATOR_VALUE	DOUBLE	
DENOMINATOR_VALUE	DOUBLE	
ACTUAL	DOUBLE	
MEASURE_RATING	FLOAT	
MEASURE_WEIGHTED_RATE	FLOAT	_

Data Dictionary

Table: OFFICE_CATEGORY

Field Name	Description	PK?	NULL?	Default Value	Data Type	Size	Range of Values
OFFICE_CATEGORY_ID	Unique Identifier of Office Category	Y	N		CHAR	5	
OFFICE_CATEGORY_NAME	Name of the Office Category	N	N		CHAR	100	
TEMPLATE_SIGNATORIES	Positions of Signatories for Office Templates	N	Y		CHAR	255	
TEMPLATE_SIGNATORY_NAMES	Names of Signatories for Office Templates	N	Y		CHAR	255	
OFFICE_SIGNATORIES	Positions of Signatories for Offices	N	Y		CHAR	255	
STATUS	Status of Office Category Template	N	Y		CHAR	30	

Table: OFFICE_CATEGORY_OBJECTIVE

Field Name	Description	PK?	NULL?	Default Value	Data Type	Size	Range of Values
OFFICE_CATEGORY_ID	Identifier of Office Category	Y	N		CHAR	5	Existing office categories
OBJECTIVE_ID	Identifier of Objective	Y	N		INT		Existing objectives
OFFICE_CATEGORY_OBJECTIVE_WEIGHT	Weight of Objective for Template	N	Y		FLOAT		

Table: OFFICE_CATEGORY_MEASURE

Field Name	Description	PK?	NULL?	Default Value	Data Type	Size	Range of Values
OFFICE_CATEGORY_ID	Identifier of Office Category	Y	N		CHAR	5	Existing office categories
OBJECTIVE_ID	Identifier of Objective	Y	N		INT		Existing objectives
MEASURE_ID	Identifier of Measure	Y	N		INT		Existing measures
OFFICE_CATEGORY_MEASURE_WEIGHT	Weight of Measure for Template	N	Y		FLOAT		
SCHEME_TYPE	Classification of Rating Scheme	N	Y		CHAR	20	Target Based / Forced Ranking

Field Name	Description	PK?	NULL?	Default Value	Data Type	Size	Range of Values
MODE	Positive Correlation/Negative Correlation	N	Y		CHAR	15	Positive / Negative
TARGET	Target result/output for a given measure	N	Y		FLOAT		
TGT_RATING_2	Target Rating resulting to a rating of 2	N	Y		FLOAT		
TGT_RATING_4	Target Rating resulting to a rating of 3	N	Y		FLOAT		
TGT_RATING_6	Target Rating resulting to a rating of 4	N	Y		FLOAT		
TGT_RATING_8	Target Rating resulting to a rating of 5	N	Y		FLOAT		
THRESHOLD	Expected passing mark for a given measure	N	Y		FLOAT		
PCT_RATING_2	Percentile ranking resulting to a rating of 1	N	Y		FLOAT		
PCT_RATING_4	Percentile ranking resulting to a rating of 2	N	Y		FLOAT		
PCT_RATING_6	Percentile ranking resulting to a rating of 3	N	Y		FLOAT		
PCT_RATING_8	Percentile ranking resulting to a rating of 4	N	Y		FLOAT		
PCT_RATING_10	Percentile ranking resulting to a rating of 5	N	Y		FLOAT		
MEASURE_ORDER	Numerical Ordering of Measure in the Template	N	Y		INT		

Table: OFFICE

Field Name	Description	PK?	NULL?	Default Value	Data Type	Size	Range of Values
OFFICE_ID	Unique Identifier of Office	Y	N		CHAR	10	
OFFICE_NAME	Name of Office	N	N		CHAR	100	
OFFICE_CATEGORY_ID	Identifier of Office Category	N	Y		CHAR	5	Existing office categories
CURRENT_COLLECTION_TARGET	Collection Goal for Current Year	N	Y		CHAR	20	
PREVIOUS_COLLECTION_TARGET	Collection Goal for Previous Year	N	Y		CHAR	20	
OFFICE_SIGNATORY_NAMES	Names of Signatories for Office	N	Y		CHAR	255	

Table: OBJECTIVE

Field Name	Description	PK?	NULL?	Default Value	Data Type	Size	Range of Values
OBJECTIVE_ID	Unique Identifier of Objective	Y	N		INT		
OBJECTIVE_NAME	Name of Objective	N	N		CHAR	100	
PERSPECTIVE	Classification of Objective	N	N		CHAR	50	

Table: MEASURE

Field Name	Description	PK?	NULL?	Default Value	Data Type	Size	Range of Values
MEASURE_ID	Unique Identifier of Measure	Y	N		INT		
MEASURE_NAME	Name of Measure	N	N		CHAR	100	
OBJECTIVE_ID	Identifier of Objective	N	N		INT		Existing objectives
NUMERATOR_DESCRIPTION	Descriptive Name of the Numerator used in Measure's formula	N	N		CHAR	255	
DENOMINATOR_DESCRIPTION	Descriptive Name of the Denominator used in Measure's formula	N	N		CHAR	255	

${\bf Table: OFFICE_OVERALL_RATING}$

Field Name	Description	PK?	NULL?	Default Value	Data Type	Size	Range of Values
OFFICE_ID	Identifier of Office	Υ	N		CHAR	10	Existing offices
OFFICE_CATEGORY_ID	Identifier of Office Category	N	N		CHAR	5	Existing office categories
OVERALL_RATING	Overall Rating of the Office	N	Y		FLOAT		

Table: OFFICE_OBJECTIVE_RATING

Field Name	Description	PK?	NULL?	Default Value	Data Type	Size	Range of Values
OFFICE_ID	Identifier of Office	Y	N		CHAR	10	Existing offices
OBJECTIVE_ID	Identifier of Objective	Y	N		INT		Existing objectives
OFFICE_CATEGORY_ID	Identifier of Office Category	N	N		CHAR	5	Existing office categories

Field Name	Description	PK?	NULL?	Default Value	Data Type	Size	Range of Values
OBJECTIVE_WEIGHT	Weight of Objective for Office	N	Y		FLOAT		
OBJECTIVE_RATING	Rating of Office for a given Objective	N	Y		FLOAT		
OBJECTIVE_WEIGHTED_RATE	Computed weighted rating of the office for a given Objective (Weight x Rating)	N	Y		FLOAT		

Table: OFFICE_MEASURE_RATING

Field Name	Description	PK?	NULL?	Default Value	Data Type	Size	Range of Values
OFFICE_ID	Identifier of Office	Y	N		CHAR	10	Existing offices
OBJECTIVE_ID	Identifier of Objective	Y	N		INT		Existing objectives
MEASURE_ID	Identifier of Measure	Y	N		INT		Existing measures
OFFICE_CATEGORY_ID	Identifier of Office Category	N	N		CHAR	5	Existing office categories
MEASURE_WEIGHT	Weight of Measure for Office	N	Y		FLOAT		
TARGET	Target Result of Office for a given Measure	N	Y		CHAR	100	
NUMERATOR_VALUE	Numerical value of numerator	N	Y		DOUBLE		
DENOMINATOR_VALUE	Numerical value of denominator	N	Y		DOUBLE		
ACTUAL	Computed Actual result for the office (Numerator Value/Denominator Value)	N	Y		DOUBLE		
MEASURE_RATING	Rating of office for a given measure	N	Y		FLOAT		
MEASURE_WEIGHTED_RATE	Computed Weighted rating of office for a given Measure (Weight x Rating)	N	Y		FLOAT		

The Rewards Module

The enhanced LTS-PMIS now includes a module that supports the proposed Rewards Framework. It is ready for customization once the Rewards Framework is approved.

The LTS-PMIS Rewards Module

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Performance Management		
Information System		Ę
Rewards	5	
Steps	6	
Other Features	23	

Introduction

A performance management system is made more effective with an incentive scheme that rewards high performers. A rewards framework for the distribution of rewards across employees and offices was devised in 2005 under a Performance Management System project for the Large Taxpayers Service. In this document, an information system (PMIS-Rewards) that facilitates the steps outlined in the framework is described. The framework has been revised slightly to fit the flow and organization of the information system.

Definitions

Office: Pertains to a section, division, or service (e.g., the LTS) in the Bureau.

Employee: A salaried individual assigned to an office in the Bureau.

Rating: A number between 2 and 10 assigned to an employee in the Bureau for a given year. Ratings are based on the performance of that office or employee and are obtained through a Performance Management System (PMS). Ratings also apply to an office, but range from 1 to 10.

Weight: In the case of rewards distribution for employees, this is a number associated to an employee that indicates that employee's relative share of the total reward. Weights also indicate the relative share of an office in the case of distribution of rewards to offices.

Factor: A number used in the computation of weights. Several factors are multiplied to determine weight. There are factors for different categories such as function, position, employee rating, office rating, and office size.

Rewards Framework

The Attrition Act of 2005 provides for the allocation of rewards in the event that the Bureau exceeds its total collection target or if particular units exceed their targets. The framework presented in this document assumes that some amount has been allocated to the LTS for rewards as a result of the implementation of the Attrition Act. However, the reader will note that the framework described here will apply regardless of the source of this amount.

The following were the guiding principles used in the formulation of the framework:

- 1. *Performance-based rewards*. Employee rewards should be dependent on performance at the individual level and at the office level to encourage both individual excellence and teamwork.
- 2. Levels of accountability. Employees in the LTS have varying levels of accountability with respect to the collection performance of the offices they report to. As such, distinctions should be made between employees with line functions and employees with support functions. Further distinctions should be made between line employees who have more direct collection accountabilities (and could thus be attritable under the Attrition Act) and those who have less direct accountabilities. The position, function, or designation of an employee are other indicators of accountability and could therefore be used as bases for differentiation. Distribution of rewards should take all these distinctions into account.
- 3. *Internal equity*. Employees with the same circumstances (accountability, position/function, individual performance, and office performance) should have the same rewards across offices

The rewards framework details a system of distribution using the following inputs:

- A reward amount at the LTS level including proportions allocated for employees and organizational development.
- Office data including office performance ratings and office size.
- Employee data describing each employee's accountabilities (function and position) and their performance ratings.

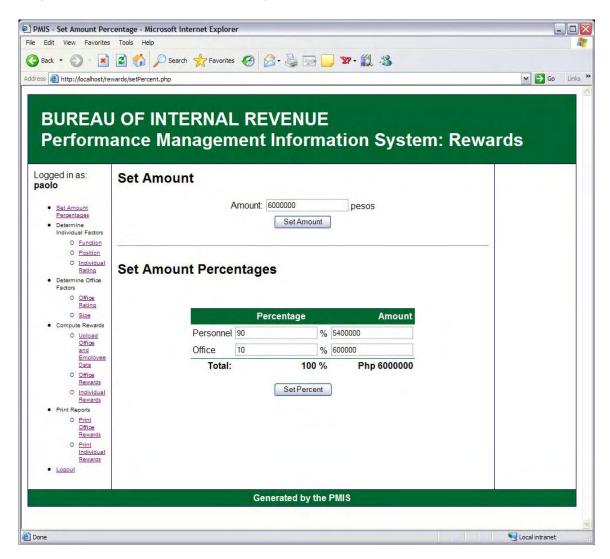
The outputs of the system are:

- A report containing reward allocations for each office
- A report containing reward allocations for each employee

Performance Management Information System

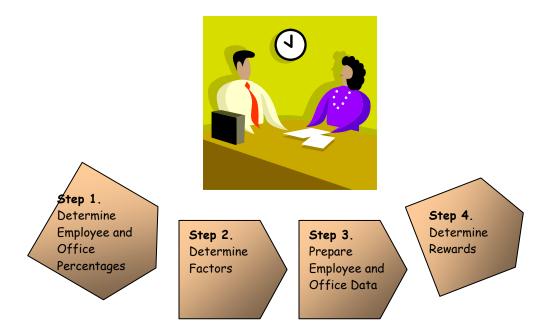
Rewards

The Performance Management Information System has a rewards module that takes in the inputs described above together with other parameters to produce reports detailing reward allocations for offices and employees. The system begins with the following screen; the menu on the left panel presents the different stages to be carried out in determining rewards.



The next section details the steps in the rewards process.

Steps



Rewards System

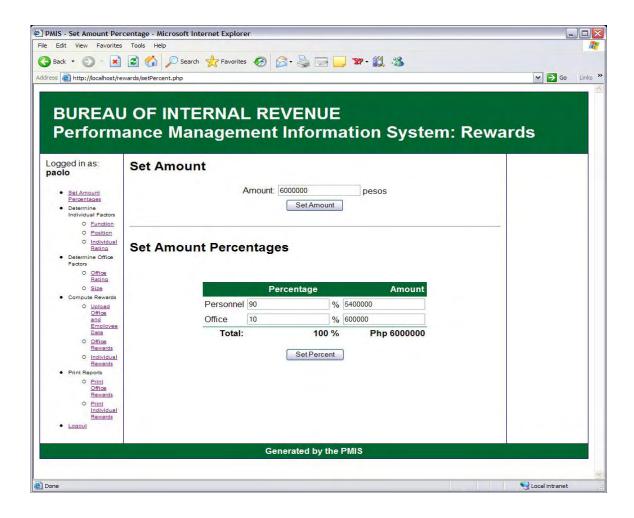
The figure above enumerates the steps followed by the rewards system. In the first step, the reward allocations for employees and organizational development are determined. The second step determines factors for different employee and office categories; these factors will be used for rewards computations. In the third step, employee and office data are prepared which includes the categorization of offices and employees. The fourth step carries out the distribution of rewards based on the previous steps.

Details of each step follow:

Step 1.

Determine Employee and Organizational Percentages

Determine percentages for rewards that establish what will be allocated for LTS personnel and for organizational development of LTS offices. The screen below supports this step.



The first half of the screen allows the user to input the total amount to be used for rewards. Clicking on the *Set Amount* button will set this amount for the system to use.

The second half of the screen allows the user to determine in terms of percentages how much of the total amount will be allotted for employee and office rewards. The user is only allowed to edit the field containing the percentage for personnel. As the user types a percentage value, the office percentage and the corresponding amounts are automatically computed. This is established when the *Set Percent* button is clicked.

Step 2.

Determine Factors

The distribution system will assign weights to each employee and each office. These weights are obtained by multiplying several factors associated to an employee or office. These factors come from predetermined factor tables. There are factor tables for function, position, and rating for employees; there are factor tables for rating and size for offices. It should be emphasized that the factors shown here are for example only although they were obtained in consultation with LTS top management.

The factors will be set as follows.



Mapping for Function Factors

Assign factors for the various functions.

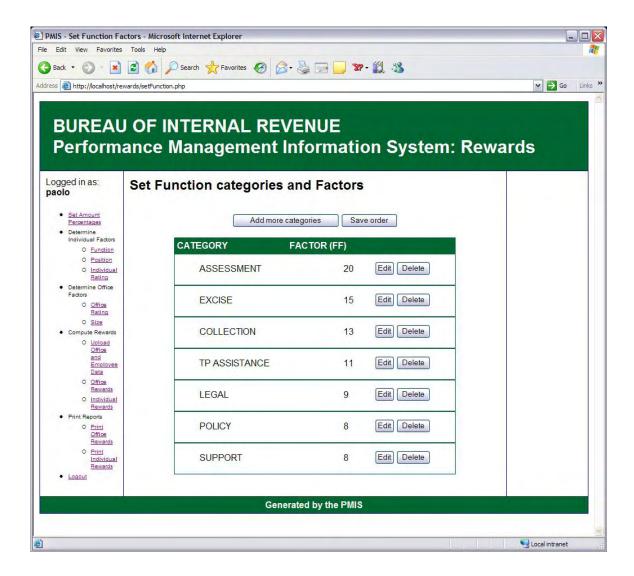
Function categories such as the categories listed below are first determined:

- 1. Assessment
- 2. Excise
- 3. Collection
- 4. Assistance
- 5. Legal
- 6. Policy
- 7. Support

Employees will be categorized according to the above functions. The list above is a result of consultations with top management of the LTS, although these are presented as an example only. It is presumed that such categorizations will be a result of a Bureau-wide consensus that considers the nuances across all offices in the Bureau.

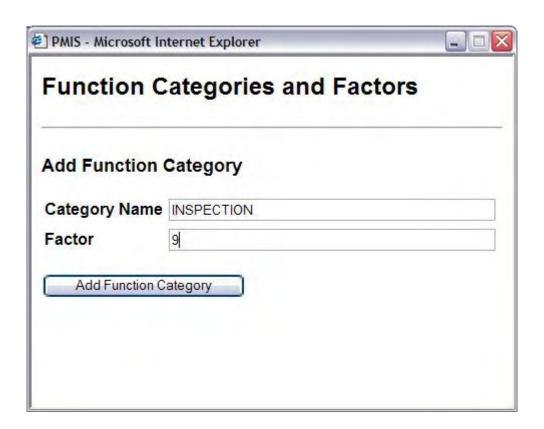
For example, line personnel under LTAID I and II are categorized under Assessment, while personnel under LTAD I and II are categorized under Assistance. Categorization is done on a per-employee basis since it is possible for a given office to have employees that fall under different functions. Support employees, in particular, (eg., Admin, Information Technology), are in fact present in the different divisions and sections.

This screen allows the user to view the different factors assigned to each function.



Users may change the order with which the functions are displayed by dragging the appropriate function to the desired place and clicking on the *Save Order* button.

Users may also click on the *Add More Categories* button to place more function categories in the list. The screen below will appear and require the user to input the category name and corresponding factor. Clicking on the *Add Function Category* will insert the new function.



Moreover, each function category may also be edited (names or corresponding factors) or deleted via the *Edit* and *Delete* buttons.

Step 2b.

Mapping for Position Categories

Assign factors for the various positions.

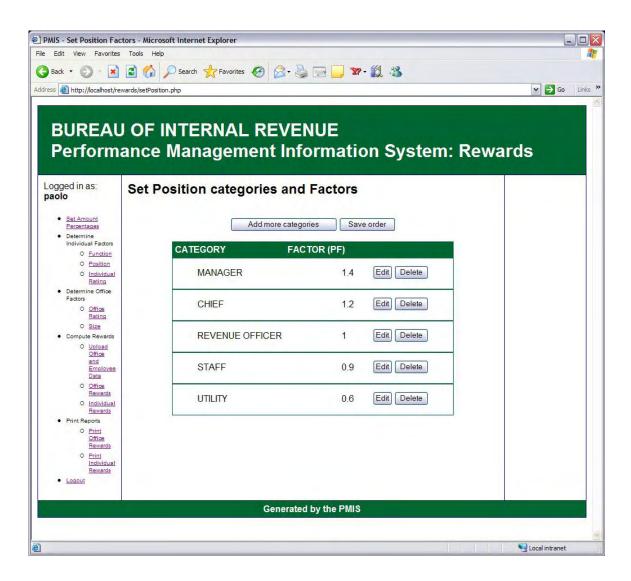
Position categories serve to distinguish varying accountabilities within a given function. These position categories are first enumerated and so that particular position category may be assigned to each employee before rewards distribution is carried out. Examples of position categories follow:

- 1. Manager
- 2. Chief
- 3. Revenue Officer
- 4. Staff
- 5. Utility

Position categories may be obtained by grouping the different salary grades or designations into groups that hold similar roles within the Bureau. The granularity of these groupings depends on the intention to equate or distinguish the

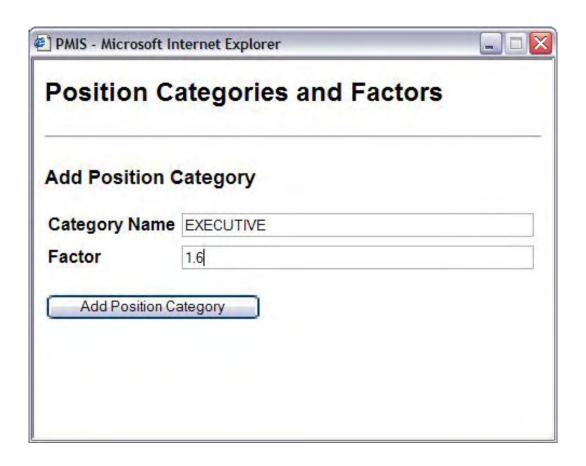
accountabilities of different positions. For example, if the intention is to provide a DCIR with more rewards against HREAs (Director) and Division Chiefs (CRO IV), then different categories should emerge from these positions (the example above combines all of the management positions).

This screen allows the user to view the different factors assigned to each position.



Following the same functionalities as setting factors for functions, users may change the order with which the positions are displayed by dragging the appropriate function to the desired place and clicking on the *Save Order* button.

Users may also add more positions by clicking on the *Add More Categories* button. The screen below will appear and ask the user to input the category name and corresponding factor. Clicking on the *Add Position Category* will insert the new position.



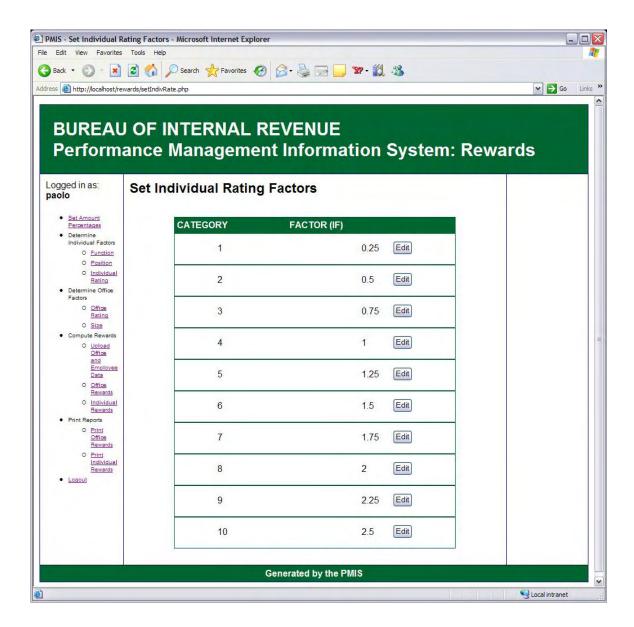
Similar to function categories, each position category may also be edited (names or corresponding factors) or deleted via the *Edit* and *Delete* buttons.

Step 2c.

Mapping for Individual Performance Ratings

For each performance rating, a factor is associated that determines the corresponding relative reward proportions for an employee under a particular rating.

The screen below is a sample mapping of employee performance ratings.

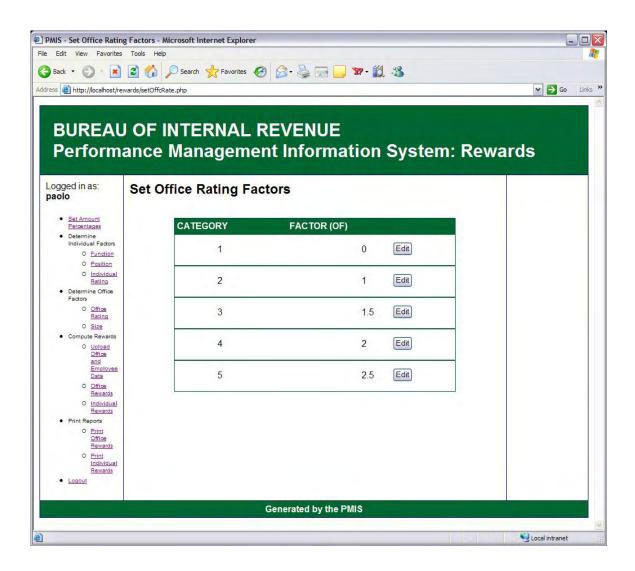


Users may change the corresponding factor for each rating category by clicking on the *Edit* button.

Step 2d.

Mapping for Office Performance Ratings

Office rating factors are also set as these factors are to be used in computing employee rewards and office rewards. The screen below provides a sample mapping for office ratings.



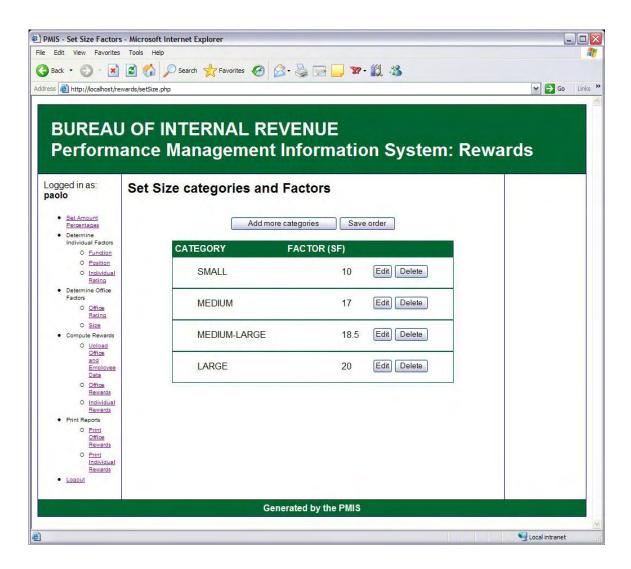
This screen also allows the user to change the mapping by clicking on the *Edit* button associated with each rating category.

Step 2e.

Mapping for Office Size Categories

Assign factors for the various office size categories.

Offices may be distinguished by their relative size, through size categories. Once these categories are established, factors associated to each category are then determined. The screen below provides a sample mapping for office size categories.



Similar to the previous screens used that map out factors, this screen also supports adding, editing, deleting, and changing the order of categories.

Changing the order of size categories would again entail the user dragging the different categories to the correct position and then clicking on the *Save Order* button.

Adding more categories would start with clicking on the *Add More Categories* button to launch the screen below.



The user would then be asked to input the category name and corresponding factor. Clicking on the *Add Size Category* will then include the category to the list.

Existing categories may also be edited via the *Edit* and *Delete* buttons.

Prepare Employee and Office Data

The system will compute rewards based on the categories and performance of the different offices and employees. These categories are exactly the categories used in the previous step.

Data will be prepared for employees and offices that include their associated categories and ratings. Some of these data are available from a separate information system and could be extracted accordingly. A common data format will be used (tab-delimited, which can be prepared through Microsoft Excel). The data used in the examples were extracted from the second performance period of 2005 and were partly generated from the PMIS-LTS.

Step 3.

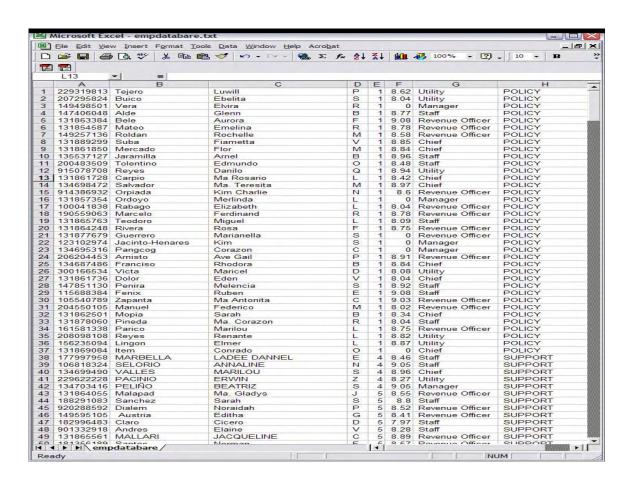
BIR-OG/EMERGE

Step 3a.

Prepare Employee Data

Below is an example of an excel sheet that will act as the input to the rewards system. It includes other information about an employee such as TIN, name, and performance rating in addition to function and position categories. The particular example contains the following employee data:

- Employee TIN
- 2. Last Name
- 3. First Name
- Middle initial
- Office id number (for this particular example, offices were assigned id numbers, although later prototypes may support uploading by office)
- 6. Employee performance rating
- 7. Position (as discussed above)
- 8. Function (as discussed above)



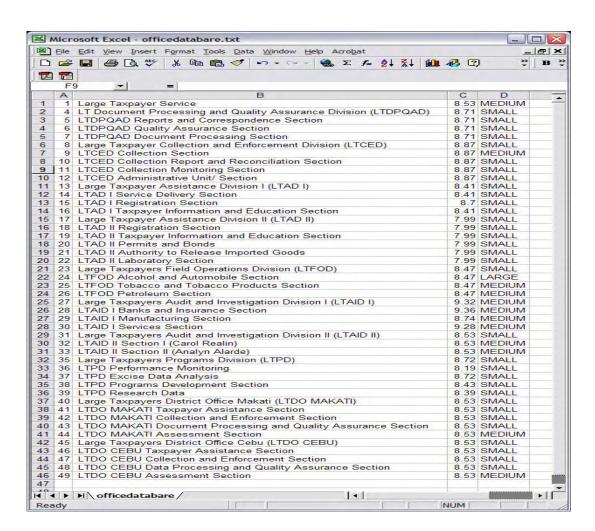
Step 3b.

Prepare Office Data

Office rewards are based both on office performance and the relative size (number of employees) of an office. As a result, such data needs to be established before rewards are computed.

Below is an example of an excel sheet that will act as the input to the rewards system. The particular example contains the following office data:

- 1. Office id (office id numbers were randomly assigned)
- 2. Office name
- 3. Office performance rating
- 4. Size (category to be used later in computing rewards)



Step 4.

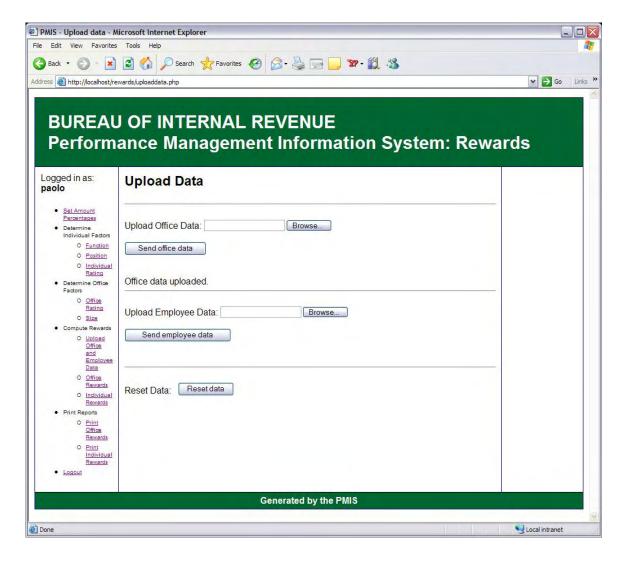
Determine Rewards

Once office and employee data have been prepared, these are uploaded into the system and become the basis for rewards computation.

Step 4a.

Upload Office and Employee Data

The office and employee data prepared in Step 3 are uploaded into the system before rewards are computed. The screen below supports this activity.



Once the data has been uploaded, computations are carried out and reports detailing rewards distribution may then be generated.

Note that office data needs to be uploaded before employee data since employee-level computations require office data.

Step 4b.

Determine Office Rewards

Office rewards are computed as follows:

Each office will have an office rating factor (OF), and asize factor (IF), and a function factor (SF) determined through the mappings established in Step 2.

The weight assigned to each office = SF*OF

The resulting weight becomes the basis for distribution.

Suppose:

TR = total reward allocated for LTS office

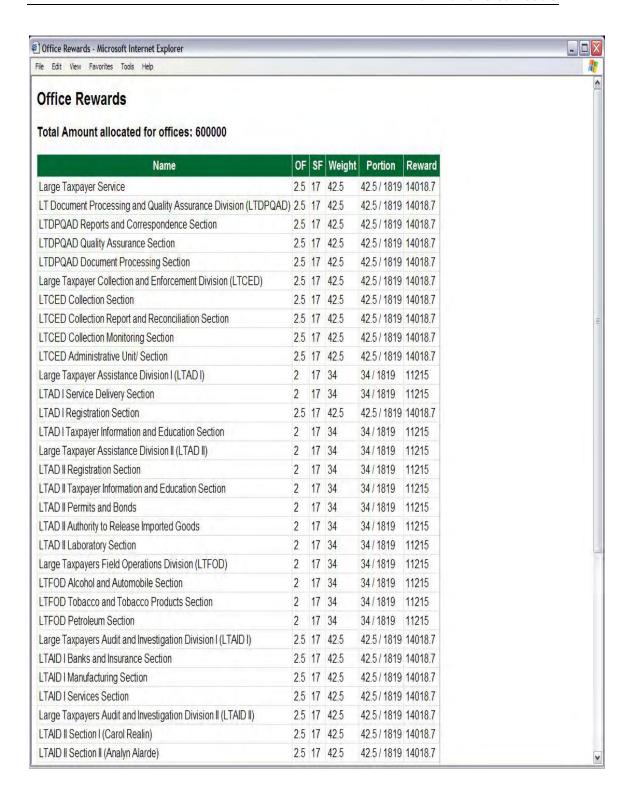
Wo = weight assigned to office o

 $S = sum of all W_0's$

Then:

Reward for office $o = TR * W_o / S$.

The report can be generated by clicking on the *Print Office Rewards* link. Below is a screenshot of this report.



Step 4c.

Determine Employee Rewards

Employee rewards are computed as follows:

Each employee will have a position factor (PF), an individual performance rating factor (IF), and a function factor (FF) determined through the mappings established in Step 2. The office that an employee is under will also have an office rating factor (OF).

The weight assigned to each individual = PF*IF*OF*FF

The resulting weight becomes the basis for distribution.

Suppose:

TR = total reward allocated for LTS personnel

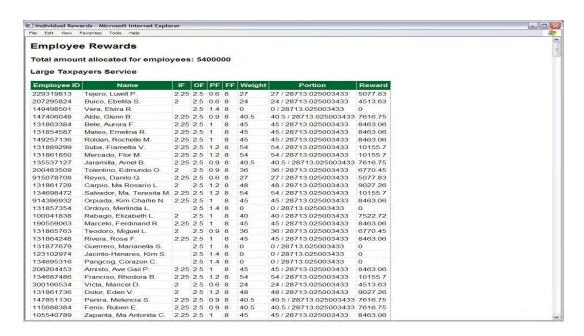
W_i = weight assigned to employee i

S = sum of all Wi's

Then:

Reward for employee $i = TR * W_i / S$.

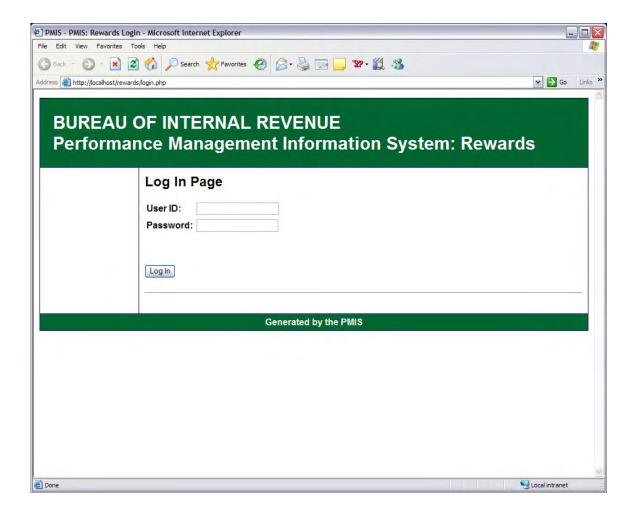
The report can be generated by clicking on the *Print Individual Rewards* link. Below is a screenshot of this report.



Other Features

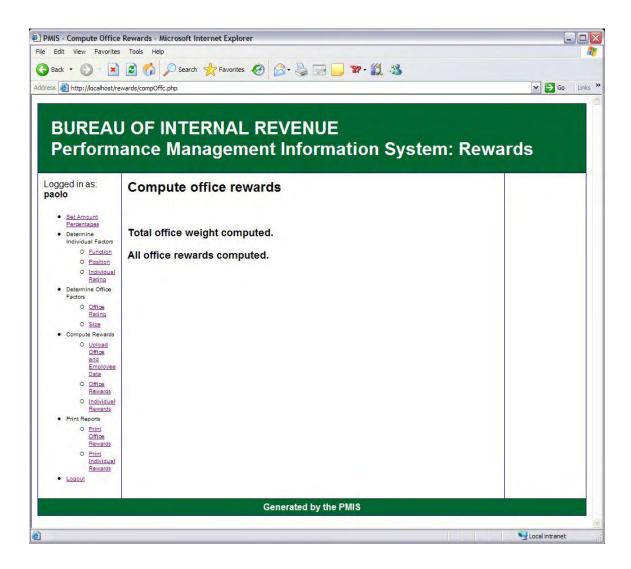
Restricted Access

Before users are able to access the different features of the system, they are required to have a username and password. Their entry point to the system is the login page where they are asked to input these. After using the system, users are then required to logout using the logout link. Below is the login page presented by the system.



Re-computation of allocations

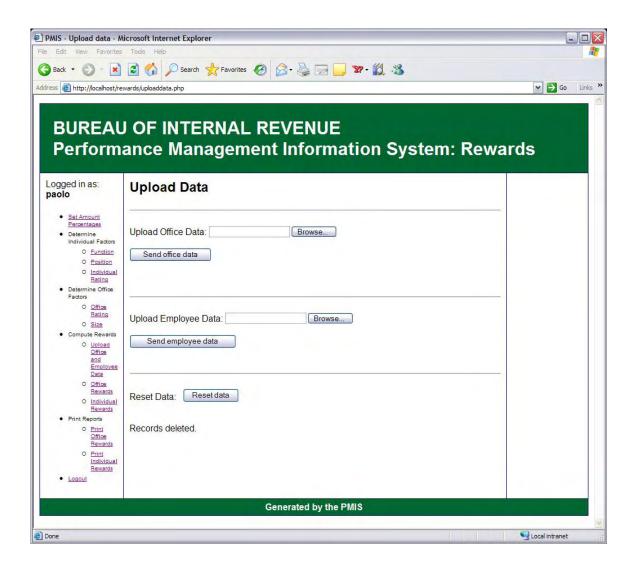
The system also contains modules that re-compute allocations since it is possible that category and factor mappings may change after office and employee data have already been uploaded. Below is the screen supporting the recomputation of office allocations. To access this, the user clicks the *Compute Office Rewards* link. Below is a screenshot of this screen.



A similar link applies for re-computation of employee rewards (*Compute Employee Rewards*)

Reset

The system also supports a reset function in case there is a need to purge the database of all office and employee data. This is found in the same screen used in uploading the prepared excel sheets.



Republic of the Philippines DEPARTMENT OF FINANCE BUREAU OF INTERNAL REVENUE

Quezon City

[Date]

REVENUE MEMORANDUM ORDER NO.

SUBJECT: OFFICE PERFORMANCE MANAGEMENT SYSTEM

TO: The Large Taxpayers Service

All Revenue Regional Offices All Revenue District Offices

All Large Taxpayers District Offices

All Others Concerned

BACKGROUND

Pursuant to the provisions of Republic Act No. 9335, otherwise known as the "Attrition Act of 2005," and its implementing rules and regulations ("IRR"), which was approved on May 22, 2006, the Office Performance Management System ("OPMS") of the Bureau of Internal Revenue ("BIR") is hereby established. The OPMS shall be an integral part of the Performance Management System ("PMS") of the BIR and shall be submitted to the Revenue Performance Evaluation Board for its consideration and approval.

To facilitate the implementation of the OPMS, the Performance Management Information System ("PMIS") is hereby adopted. The PMIS shall facilitate the encoding and processing of measurement data to arrive at performance ratings for offices covered by the OPMS.

I. OBJECTIVES

This Order is issued to:

- 1. Prescribe policies, procedures, and guidelines in the implementation of the OPMS in the Bureau;
- 2. Implement the OPMS, which aims to: (a) ensure the alignment of office performance with the Bureau's overall strategic direction, (b) clarify expected results from offices, (c) gauge the extent of contribution of offices to the overall performance (financial as well as non-financial) of the Bureau, and (d) provide an objective basis for decision-making;

- 3. Serve as reference in setting performance targets, monitoring, evaluating, and rewarding performance at the office level pursuant to the Attrition Act of 2005 and its IRR; and
- 4. Prescribe the duties and responsibilities of concerned employees, officials, and others concerned pertaining to the implementation of the OPMS.

II. SCOPE

The OPMS shall be implemented at the Revenue Regions ("RRs") and Revenue District Offices ("RDOs"): *Provided*, That the Revenue Region shall be evaluated as an entire unit and that divisions and units in the RR other than the RDOs shall not be separately evaluated. This Order shall likewise cover the Large Taxpayer Service ("LTS") and Large Taxpayers District Offices ("LTDOs"): *Provided*, that the LTS shall be evaluated as an entire unit and that divisions and units in the LTS other than the LTDOs shall not be separately evaluated.

Comment:

The inclusion of LTS and LTDOs in this RMO will be brought to the attention of ManCom. If ManCom decides to include them in this RMO, it has to decide on which office should be the Template Owner and Measure Owner(s) for the LTS and LTDO Templates. There may be a need for some form of check and balance for the ACIR-LTS: Would ManCom designate a DCIR for this purpose or would it agree to be Measure Owner for LTS?

III. DEFINITION OF TERMS

For the purposes of this Order, the following definition of terms is hereby adopted:

- 1. An **Evaluation Period** or **Rating Period** pertains to the time frame covered by a complete cycle of performance evaluation starting from the setting of performance targets up to and including the generation of performance ratings.
- 2. A **Measure Owner** is the head of the office that requires the collection and/or consolidation of performance data on a measure to be included in the Template. He or she identifies the MOV for the measure; determines the target/baseline and rating scheme for the same; analyzes the performance data; and reports his or her analysis, observations, and recommendations to management pertaining to the performance measure(s) owned.
- 3. An **Office** refers to a RR, RDO, LTS, or a LTDO. Unless the context indicates otherwise, all references to RDOs shall be deemed to include LTDOs while references to RRs shall also be deemed to refer to the LTS.

- 4. An **Office Performance Contract** ("**OPC**") is an office-specific performance contract that has been adapted from a Template. It is signed by the head of the office and by the Commissioner.
- 5. Office Performance Contract Templates ("Templates") are standard performance contract format and content that apply to two or more offices with similar functions. They provide uniform measures, targets, and rating schemes across similar offices. They have the following contents: (a) objectives, (b) objective weights, (c) measures and formulae, (d) measure weights, (e) means of verification, (f) targets, and (g) ratings schemes.
- 6. The **Overall Template Manager** is the head of the office that signs off on all Templates in the OPMS. He or she tracks and signs off on the changes made to Templates, monitors the processes for creating Templates and purging them from the OPMS, and ensures that Template standards are observed.
- 7. The Performance Management Information System ("PMIS") is a web-based database system designed to support the different stages of performance management. The PMIS facilitates the encoding and processing of measurement data to arrive at performance ratings for the offices covered by the OPMS. The PMIS User Guide is attached as Annex "D."
- 8. A **Performance Measure** is the means by which the attainment of an objective of the office is determined. It is usually expressed as a formula that indicates goal attainment. It is also known as, and used interchangeably with, **Key Performance Indicator** ("**KPI**").
- 9. A **Template Development Team** ("**TDT**") is formed for the purpose of creating or reviewing and/or revising a Template. It is composed of the Overall Template Manager, Template Owner and one or more Measure Owners.
- 10. A **Template Owner** is an official from an office that is higher than the office for which a Template is being developed. He or she leads the process of Template development and approves the changes to the Template. A Template Owner may also be a Measure Owner.

IV. POLICIES

- 1. The implementation of the OPMS is anchored on the BIR Strategy Map. The Strategy Map graphically illustrates how the Bureau intends to exceed its collection targets. It is embodied in RMC No. 12-2006 (Annex "A").
- 2. The results of the OPMS shall be used as basis for decision making in the following areas: (a) rewards and sanctions, (b) continuous improvement, and (c) alignment of individual performance with that of the office's.

- 3. Offices with similar functions shall use Office Performance Contract Templates (Annex "B"). The LTS and LTDOs may share some but not all of the performance measures of RRs and RDOs, respectively.
- 4. Evaluation of office performance shall be conducted annually. However, semestral reports on office performance shall be generated for purposes of monitoring, individual performance evaluation as required by the Attrition Act of 2005 IRR, and other purposes.
- 5. Owing to the dynamic nature of office performance, intervening factors may necessitate updating of performance contracts to accommodate changes in priorities, directions, and targets. Changes in performance contracts require corresponding adjustments in the Template. Once a Template is adjusted, any changes shall apply to all offices using said Template.
- 6. Unless formally documented, any deviation from the original Template shall have no binding effect. Changes to Templates may be initiated by the Template Owner, or by any office through the Template Owner, and must be approved by ManCom. Changes to Template contracts, to be effective, must be approved prior to the rating period for which such changes will be used.
- 7. Performance ratings of offices shall be the basis for determining rewards under Sections 4 and 5 of the Attrition Act of 2005. To implement the "shared goal" concept, and pursuant to the Attrition Act of 2005 IRR, office performance ratings shall be taken into account in evaluating the performance of officials and employees who have revenue collection functions. [See Section 12(b)(i), Rule III, IRR.)
- 8. Where an office is newly created, not exceeding two years in operation, and has no historical record of collection performance that can be used as basis for evaluation, OPMS results shall not be used for purposes of termination under Section 7 of the Attrition Act of 2005. [See, by analogy, Section 18(a), Rule V, IRR.]

V. PROCEDURES FOR THE OPMS CYCLE

- A. The following general stages shall be followed in the implementation of the OPMS. The detailed steps, including the time frame for each step and a flowchart for said steps, are contained in the OPMS Guidebook (Annex "C").
 - 1. Planning
 - a. Policy and Planning Service ("PPS"):

		i) Prints the previous year's Templates;
		ii) Updates Templates in the PMIS;
		iii) Maintains a catalog of Template contracts;
		iv) Generates an OPC for each office;
		(v) Sends OPCs to concerned offices; and
		(vi) Maintains a catalog of OPCs;
	b.	TDT:
		i) Prepares Templates; and
		ii) Reviews and updates, together with the Template Owner, the Templates;
	c.	Template Owner reviews and updates, together with TDT, the Templates;
	d.	RDO:
		i) Provides input(s) to Templates through the TDT; and
		ii) Reviews and signs RDO-OPC;
	e.	RR:
		i) Provides input(s) to Templates through the TDT;
		ii) Reviews and signs RDO-OPC; and
		iii) Reviews and signs RR-OPC;
	f.	ManCom approves Templates, including updates; and
	g.	Commissioner signs OPCs.
2.	Moni	ing
	a.	RDO consolidates data and submits semestral report to RR;
	b.	RR reviews and consolidates semestral reports from RDO and submits RR semestral report to Measure Owners;

- c. Measure Owners consolidate semestral performance reports and coordinates with PPS in the preparation of semestral performance ratings;
- d. Measure Owners, in coordination with PPS and Template Owner, spearheads the analysis of quarterly performance of offices and the presentation of quarterly progress reports to ManCom; and
- e. ManCom sets/adjusts directions.

3. Evaluation

- a. PPS:
 - (i) Generates and sends out Performance Summary Report Worksheet to Measure Owners;
 - (ii) Uploads actual performance data and generates PMS Evaluation Reports for each office;
 - (iii) Distributes PMS Evaluation Reports; and
 - (iv) Analyzes and presents, together with Measure Owners and Template Owner, the BIR Performance Analysis Report;

b. Measure Owners:

- (i) Consolidates actual performance data for the year for each office;
- (ii) Spearheads the analysis and presentation, together with PPS and Template Owner, of the BIR Performance Analysis Report;

c. Template Owner:

- (i) Signs PMS Evaluation Reports; and
- (ii) Analyzes and presents, together with PPS and Measure Owners, the BIR Performance Analysis Report;
- d. RDO validates and signs RDO PMS Evaluation Report;
- e. RR validates and signs RDO and RR PMS Evaluation Report; and
- f. ManCom:
 - (i) Uses OPMS results for rewards and recognition; and

(ii) Sets/adjusts directions for next performance Evaluation Period.

4. Rewarding

- a. Rewards and incentives of an office shall be determined based on such office's proportionate contribution to the aggregate amount of excess revenue collection of the Bureau. An office shall not be entitled to rewards and incentives if such office fails to meet its own revenue collection target. [Section 12(a)(i), Rule III, IRR.]
- b. In the event that the Bureau fails to meet its revenue target by less than ten percent (10%), an office that exceeds its allocated target shall be entitled to the District Incentive under Section 5 of the Attrition Act of 2005 amounting to ten percent (10%) of the excess over its allocated target. [Section 13(a), Rule IV, IRR.]
- B. The following general guidelines shall be followed in updating Templates:
 - 1. The Template Owner, or any other office through the Template Owner, may initiate changes in Templates in coordination with PPS..
 - 2. Once initiated, PPS shall convene the TDT. The TDT shall complete a Template Revision Form that explains the proposed changes, specifies the parts of the Template that need to be adjusted, and provides a rationale for the proposed changes.
 - 3. The Template Owner shall present the proposed change(s) to ManCom for its approval.
 - 4. Once approved by ManCom, the Template Revision Form is sent to PPS.
 - 5. After inputting the changes to the Template in the PMIS, PPS then follows the parallel steps in the Planning stage of the OPMS Cycle.

VI. SANCTIONS

1. Any delay in the submission of required reports and other documents without valid justification shall be penalized. The head of the office required to make the submission shall incur demerits, which shall be determined by the appropriate Measure Owner based on the length and cause of the delay, to be reflected in his or her individual performance rating.

Comments:

- Should the submission of inaccurate reports also be penalized? For ManCom's attention.
- Should the penalty be meted on the head of the office by virtue of command responsibility? Or should it be meted on the entire office thereby decreasing the erring office's performance rating?
- How will this be operationalized? Would there be gradations of penalties depending on the length of delay or the reason given for the delay? Shouldn't these penalties be spelled out to prevent arbitrary imposition of penalties?
- 2. Any other violation of this Revenue Memorandum Order shall be meted the appropriate sanctions pursuant to existing administrative rules and regulations.

VII. AMENDMENTS TO OPMS GUIDEBOOK OR PMIS USER GUIDE

Amendments to the OPMS Guidebook or to the PMIS User Guide shall require the approval of the Commissioner and be embodied in a Revenue Memorandum Circular.

VIII. REPEALING CLAUSE

All provisions of existing Revenue issuances, instructions, and circulars inconsistent herewith are hereby superseded or revoked.

IX. EFFECTIVITY

The Office Performance Management System shall become effective upon the approval by the Revenue Performance Evaluation Board created under Section 6 of the Attrition Act of 2005.

JOSE MARIO C. BUÑAG Commissioner of Internal Revenue